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ABSTRACT

Trends concerning women working in industry are discussed. Although women make up a majority of the workforce in most manufacturing industries in both developed and developing nations, they have little say or consideration in the decisions that affect their lives. Following a brief introduction in chapter 1, the second chapter, "The Rise of Third World Manufacturing," discusses export-oriented policies, the role of transnational corporations, and Northern markets and the threat of protectionism. "Women in Third World Industries" is the focus of the third chapter. The electronics industry and the textile and clothing industries are emphasized. Chapter 4, "Canadian Linkages: Women in the Vulnerable Industries," examines how import competition from developing countries is affecting Canadian women working in the garment industry. The Canadian adjustment policy is discussed. The fifth chapter, "Labour Conditions Abroad and Canadian Responses," discusses how Canadian workers are losing their jobs to unfair competition from developing countries in which workers are exploited. Mechanisms for improving labor conditions are examined. Chapter 6 consists of a conclusion to the report. A bibliography is provided. (RM)



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A Study by the North-South Institute

# WOMEN in Industry

## NORTH-SOUTH CONNECTIONS

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SO 016 815

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# FOREWORD

As the end of the United Nations Decade for Women approaches, there is great controversy about how much progress has been achieved. On a global scale, despite some significant improvements, it would still be difficult to question the basic picture given by the UN in 1980:

> while [women] represent 50 percent of the world adult population and one-third of the official labour force, they perform for nearly two-thirds of all working hours, receive only one-tenth of the world income and own less than 1 percent of world property.[1]

Even in the absence of dramatic improvements, however, the decade has witnessed, and helped bring about, marked advances in awareness and understanding of women's needs and contributions to their societies. It has been rightly said that 'ideas are events', and some of the ideas that have emerged over the past decade could – if properly absorbed and acted upon – help generate tremendous positive change.

One important obstacle to improvement remains the 'invisibility' of women in official statistics and analyses that form the basis for a multitude of policies and programs. The failure to count women specifically in different economic and social areas is only partly a result of inadequate systems; it is also a reflection of the fact that for most of the important decisions, in Galbraith's words, "women, in a literal sense, do not count".[2]

In spite of the fact that statistics still fail to accurately reflect women's work, much has been learned about the extent of women's contributions to national economies and the scope for enlarging that contribution through the full development of women's potential. Employment has been one of the main issues of focus for the UN Decade. Policy makers and others have begun to realize, for example, that women make up the majority of the world's farmers and that this role has often been overlooked in the changes under way in world agriculture

– with the result being not only that important potential gains may have been lost, but also that the traditional position of women in agriculture has sometimes been undermined in the changes. There is also expanding analysis and understanding of the magnitude, and importance, of women's uncounted contributions to the economy through the domestic sphere, and some light is being shed on the huge and growing volume of economic activity carried out by women around the world in the service sector of both the 'formal' and 'informal' economies.

Paradoxically, perhaps, the area of women's work addressed in this study has received more attention relative to the number of women it employs. Even while trying to cope with the inadequacies and insensitivities of statistical, reporting and policy systems, many analysts and commentators have focused on the problems and changes confronting women workers in particular industries or sectors and in particular countries and regions. This study was undertaken by the North-South Institute as an attempt to pull together such diverse strands and take stock of some major trends and prospects affecting women in industry in both North and South. We have tried, as well, to trace in a balanced way some of the significant and controversial connections, in an increasingly interdependent world economy, between the situations of women workers in developing and industrialized countries. The Canadian linkages are particularly referred to, as these are a test-case of some of the relationships, problems and policy responses of common concern to industrialized countries.

This contribution to Canadian and international discussion of women's roles in economic development has drawn on many sources of support and participation. It is a principal result of a policy-research program co-sponsored with the Institute by Status of Women Canada, the federal ministry with multi-sectoral coordinating responsibility in this area. The project has also benefited from a financial contribution by the United Nations International Research and Training Institute for the Advancement of Women (INSTRAW), which intends to publish our related paper on trade and investment issues in its series of research studies on the role of women in international economic relations.

Research and writing of the various chapters in this report has involved several authors and numerous advisors. The principal researchers and writers at the Institute have been Janette Mark, Margaret Biggs and Dana Peebles. Maxwell Brem served as editor. Hilary Syme was an energetic project monitor in the latter stages. The Institute has benefited to an unusual extent from the experience and patient counsel of a project advisory committee made up of Maureen O'Neil, Doris Anderson, Maryon Brechin, Geoffrey Bruce, David Dodge, Gaetane Gascon, Maureen Goodspeed, Louise Holmes, Fyona Hyslop, Elizabeth McAllister, and Norma E. Walmsley.

A number of members of the Institute's Board of Directors and friends and colleagues in other organizations have given generously of their insights and encouragement in assisting the Institute to apply its resources to this difficult and vital area of development policy research, although none of these outside advisors, of course, are in any way responsible for any remaining shortcomings in this report.

Bernard Wood
Director

*NOTES*

[1]United Nations, Division for Economic and Social Information, Department of Public Information, DPI/DESI Note IWD/27, October 10 1980, "Programme of Action for the Second Half of the United Nations Decade for Women: Equality, Development and Peace," p. 3.

[2]Cited in Barbara Rogers, *The Domestication of Women: Discrimination in Developing Countries* (London: Kogan Page Ltd., 1980), p. 74.

CHAPTER 1

# INTRODUCTION

Women's status in industry around the world, particularly in developing countries, has been the subject of much controversy, as well as study, in recent years. The results of all this attention, however, are debatable, and it is perhaps a good time to pull together some of the most important findings and analyses, particularly as they affect the roles of women in those industries which increasingly are becoming more global.

Following are some reasons why the industrial employment of women merits special attention.

- In spite of, or perhaps because of, the great volume of discussion and debate on the subject, it is difficult to obtain a clear and balanced picture of the facts, the trends and the issues.
- The growth rate of industry as an employer of women has been very rapid, and further potential growth is generally believed to be high.
- Industrial employment is often seen as a path to 'non-traditional' roles for women, with possible far-reaching implications for their position in society in general.
- The conditions of women's employment in a number of industries have been the subject of particular concern and criticism internationally.
- Some industries that are heavy employers of female workers in all countries (such as textiles and clothing, footwear, and electronics), are in the forefront of changing patterns of international trade and protectionism – in some ways seemingly pitting the interests of women workers of industrialized and developing countries against one another.

Each of these issues requires factual clarification and a deeper understanding of the many considerations of equity and efficiency involved, so that the options available for improving women's status can be

identified, as can be women's contribution (and that of industry) to the economies of both developing and developed countries. The issues raised are doubly controversial: they are part of the difficult transition occurring in the division of labour between nations; and they reflect an all-too-familiar pattern of division of labour between the sexes within all countries. This study proceeds in the clear recognition that, as in other sectors,

> irrespective of the stage of economic development or pattern of industrialization of the country, most women industrial workers are employed in a narrow range of low-income, low-skilled, low-productivity jobs. They are found in particular in sectors that are labour-intensive, sensitive to market fluctuations, have a low level of technology, poor working conditions and safety measures and little security of employment.[1]

In the Third World, women represent a significant component of the *manufacturing* labour force in the newly industrializing countries (NICs) and near-NICs - for example, an average of 45 percent in six countries of East and Southeast Asia in recent years; and female workers even predominate in such *export-oriented* manufacturing industries as textiles, clothing and electronics.[2] A similar situation exists in more highly industrialized countries of the North, except that these same industries in which women workers are concentrated are *import-competing*. For example, only 6 percent of paid female workers in Canada are employed in the manufacturing sector as a whole, yet almost half of them are in industries generally considered to be vulnerable to Third World import competition. Moreover, although only 24 percent of Canada's manufacturing labour force is composed of women, 63 percent of the work force in these vulnerable industries are women.

The impact of current trends in manufacturing production, investment and trade on women in Third World and Canadian societies will be the focus of this study. It will explore the roles and experiences of Third World women in two 'global' industries – textiles and clothing, and electronics – and will look at the extent to which women in Canada are affected directly by the expansion of developing country manufactured exports. Canadian responsibilities and policy options will be examined in relation to women in both the developing countries concerned and in Canada. First, however, the underlying production, trade and investment trends responsible for these changes in women's work in the industrial sector in both the First and Third Worlds will be discussed in greater detail.

*NOTES*

[1]Mary Boesveld, "Women and Industrial Development", Discussion Paper, University of Leiden, Faculty of Social Science, Institute of Cultural and Social Studies, 1979, p. 2.

[2]Pasuk Phongpaichit, "Southeast Asian Women in Industry", International Labour Organization (ILO)/Asian Regional Team for Employment and Promotion (ARTEP), Bangkok, September 1982, Table 2, p. 7 (Mimeographed).

CHAPTER 2

# THE RISE OF THIRD WORLD MANUFACTURING

Women represent a significant element of the labour force in Third World manufacturing industries. Their presence is especially noteworthy in such intensely competitive and labour-intensive global industries as textiles and clothing, and electronics (an analysis of employment conditions for women in these industries is provided in Chapter 3). As background for specific discussion of women's prospects and problems in industry, it is very useful to look at the emerging production and trade patterns under way in the Third World, and the new openings and challenges they are creating for female employment. In summary form, therefore, we will review the role of exports and industry in the development strategies of many Third World countries, the related shifts in global production and international trade, and the resort to 'new' forms of protectionism in the North as a consequence of the incipient industrial challenge from the South.

## EXPORT-ORIENTED POLICIES

The desire to achieve some form of industrialization, and thus escape from colonial production patterns, has been a driving force in almost all Third World economies over the past three decades. In seeking to diversify and hence reduce dependence on the production and export of a few primary commodities, developing countries have increasingly stressed the need to develop a national manufacturing capacity.

They have pursued this goal from two major perspectives. The import-substitution approach, dominant during the 1950s, was an attempt to reduce dependence on external sources for key manufactured goods. Many ex-colonies had encountered problems in obtaining manufactured goods, especially in the period between the two world wars, and could not earn enough by exporting primary commodities to world markets in the postwar period. By the 1960s, however, this inward-oriented, import-substitution approach had been deemed both inefficient and inflexible. A new strategy, espe-

cially in East and Southeast Asia, has led to a shift toward manufacturing *for export* – a trend that has since spread to a much larger group of countries.

This drive toward export-led growth lies behind the growing industrial presence of Third World countries in the world economy. Increasingly, these nations are viewed not just as agricultural societies and raw material exporters but also as sources of industrial potential; this is especially true of a handful of fast-growing newly industrializing countries (NICs) whose economic development is already reshaping the global industrial landscape. *Manufacturing output* in the developing countries as a group has grown not only almost three times as fast as agricultural output,[1] but also much more quickly than manufacturing production in the industrially advanced nations.[2] Manufactured exports (and hence, employment in this sector) have also expanded very rapidly. In the 1970s, for example, when world trade in manufactures grew at an overall rate of 8.5 percent annually, that of the South grew 12 percent a year (in constant 1978 prices).[3] Consequently, the developing countries' share of world manufacturing exports went from 6 percent in 1960 to 10 percent at the end of the 1970s, and could rise to 14 percent by 1990.[4] Moreover, manufactures now equal non-fuel primary commodities in the export basket of the oil-importing developing countries as a group, whereas in the early 1960s, they were only one-fifth as important.[5] By stressing manufactured exports, these countries aspire to generate employment, increase their economic dynamism, stabilize and diversify foreign exchange earnings, build up a technological base and improve the skill level of the labour force. Many industries which have formed the basis for this export thrust have a high proportion of female employees.

A relatively small group of NICs have been responsible for much of the expansion. While eight NICs account for 80 percent of the total, three of them – Hong Kong, Taiwan and South Korea – are responsible for half of the Third World's manufactured exports. However, this dynamism should not completely overshadow the rapid expansion of manufactured exports by other developing countries. Growth rates equal to or better than those accomplished by the NICs during the 1970s have been achieved by at least 16 'newly exporting' countries. Although some started from a very small base and still do not export manufactured goods in significant volume, others such as Malaysia, Thailand and the Philippines must be viewed increasingly as potentially substantial exporters, with more countries following close behind.[6]

As their level of overall economic development has advanced, Third World countries have also been diversifying their manufacturing output and exports. Although the production of consumer goods dominates in even the most industrially advanced developing countries, intermediate and even capital goods take up a substantial share of manufacturing production (see Table 2.1). Similarly, Third World

**Table 2.1**
Structure of Manufacturing Production in Selected Developing Countries in Relation to Degree of Industrialization, in or around 1978

| Country | Percentage Share of Total Manufacturing Output[a] Consumer Goods[b] | Intermediate Products[b] | Capital Goods[b] | Manufacturing Output per Head ($) |
|---|---|---|---|---|
| **More Industrialized Countries and Territories** | | | | |
| Singapore | 51.3 | 24.6[d] | 24.1 | 680 |
| Hong Kong | 80.5 | 11.6 | 7.9 | 665 |
| Venezuela | 51.7 | 40.8[d] | 7.5 | 450 |
| Mexico[e] | 59.8 | 28.6 | 11.6 | 300 |
| Rep. of Korea | 64.3 | 21.4 | 14.3 | 210 |
| Chile | 54.7 | 34.1 | 11.2 | 190 |
| Mean[f] | 60.4 | 26.8 | 12.8 | 415 |
| **Less Industrialized Countries** | | | | |
| Colombia[g] | 68.3 | 23.2 | 8.4 | 120 |
| Philippines[g] | 74.5 | 16.1 | 9.4 | 95 |
| Tunisia | 72.5 | 20.0 | 7.5 | 70 |
| Egypt[c] | 65.1 | 22.0 | 12.9 | 50 |
| Nigeria[c] | 64.2 | 29.6[d] | 6.2 | 35 |
| Kenya | 75.9 | 12.6 | 11.5 | 35 |
| Indonesia | 75.8 | 14.9[h] | 9.3 | 25 |
| India | 48.7 | 29.0 | 22.3 | 20 |
| Bangladesh | 72.3 | 23.4 | 4.3 | 10 |
| Mean[f] | 68.6 | 21.2 | 10.2 | 50 |
| (Mean excluding India)[f] | (71.1) | (20.2) | (8.7) | (55) |

[a]Percentage relates to 1978, unless otherwise specified.
[b]"Intermediate products" industries include basic metals, petroleum refining, petroleum and coal products, chemicals and plastics; "capital goods" industries include electrical machinery (except radio, TV, etc.), non-electrical machinery, and transport equipment; "consumer goods" industries include all other manufacturing.
[c]Value added in 1977 at 1975 prices and exchange rates per head of total population.
[d]Of which petroleum refining and petroleum and coal products accounted for: Singapore – 15.1 percent; Venezuela – 23.2 percent; Nigeria – 12.9 percent.
[e]Output structure in 1976.
[f]Unweighted.
[g]Output structure in 1977.
[h]Excluding petroleum refining and petroleum and coal products.

Source: United Nations Conference on Trade and Development (UNCTAD), *Trade and Development 1992*, Table A.32, p. 152.

industrial exports continue to be heavily concentrated in traditional, labour-intensive manufactures, but they now also include more capital-intensive goods such as synthetic fibres, machines, tools and appliances. The more industrially advanced countries of East and Southeast Asia, have, for example,

> continued to specialize in labor-intensive exports, now producing types of clothing, textiles, and electronics that require more design and other skills, and supplying a greater variety of consumer goods and light engineering components. They have also expanded into heavy engineering products such as ships, oil rigs, and hydroelectric generators that require considerable drafting and other skilled labor inputs.[7]

Concurrent with the rising importance of manufacturing and manufactured exports in the developing world has been a similar increase in employment in this sector. For example, in the 1970s, total employment in manufacturing grew by 6.2 percent as compared to an overall employment growth of 2.2 percent. The rapidly industrializing countries of Asia, where manufacturing growth has been most pronounced, best illustrate the concomitant growth of manufacturing employment for women. Export-oriented manufacturing is partly responsible for this trend. However, it must be kept in mind that export manufacturing accounts for only about 1.5 percent of total employment in developing countries.[8]

## THE ROLE OF TRANSNATIONAL CORPORATIONS

Transnational corporations (TNCs), the principal vehicle for direct foreign investment, have played an important economic role in many developing countries,[9] although their role in the growth of Third World export manufacturing has been mixed. About one quarter of all foreign direct investment has occurred in the Third World, with a large portion channelled to such traditional activities as raw material extraction and the production of agricultural export crops. Foreign investment in the manufacturing sector frequently has aimed at getting behind tariff walls to produce for domestic markets.

On the one hand, the role of TNCs should not be exaggerated. As Table 2.2 illustrates, by far the major share of manufacturing production and exports in the South has been the result of indigenous investment and expertise.[10] In fact, recent data indicates that manufactured exports in the South are less likely to originate with transnational enterprises on an aggregate basis than are similar exports from industrial economies. In the industries of traditional export interest to the Third World (i.e., clothing, footwear and textiles), TNCs have been responsible for less than 10 percent of total exports.

In recent years, however, a new and important phenomenon has been the use of developing countries by TNCs as bases for subcontracting the production and/or assembly of goods or components for subsequent shipment to the home country or to third markets. This practice, which has been encouraged by American and European offshore assembly provisions in their customs tariffs, has had profound employment implications for developing countries generally and women in particular. Under these special regulations, domestic components may be sent for processing and/or assembly to another country where labour is relatively less expensive, after which the final products are imported back into the country with the tariff being assessed only on the amount of foreign value added. These measures, having contributed to the internationalization of industrial production and processes,[11] have played an instrumental role in the creation and growth of offshore production sites in the Third World.

Offshore production has been most prevalent in the electronics and electrical products industries and accounts for the fact that approximately 50 percent of electrical products exported from developing countries have originated with TNCs.[12] There is little doubt, then, that without such TNC investment, the recent expansion of Third World manufactured exports would have been substantially slower.[13] Moreover, export processing zones (EPZs), which have been established by developing countries precisely to attract this type of investment, are now generally seen as one of the most visible manifestations of the new outward-oriented approach adopted by many developing countries. With jobs and foreign exchange as the ultimate objective, these zones offer investors a wide range of production

**Table 2.2**
Shares of Transnational Corporations in the Production and Export of Manufactures: Selected Developing Countries, early or mid-1970s

| | Production | | Exports | |
|---|---|---|---|---|
| Country or Territory | Value added in 1975 ($ billion) | Share of TNCs (%) | Value in 1975[a] ($ billion) | Share of TNCs (%) |
| Hong Kong | 2.0 | .. | 6.48 | 10 |
| India | 12.6 | 13 | 1.84 | under 10 |
| Pakistan | 1.9 | .. | 0.65 | under 10 |
| Rep. of Korea | 5.5 | 11 | 3.90 | 28 |
| Singapore | 1.3 | 30 | 2.84 | nearly 70 |
| Argentina | 18.4 | 31 | 0.70 | 30 |
| Brazil | 33.7 | 49 | 2.10 | over 40 |
| Colombia | 2.9 | .. | 0.30 | 30 |
| Mexico | 18.0 | 28 | 0.88 | 30 |

Source: UNCTAD, *Trade and Development Report 1982*, p. 77.

incentives, particularly duty-free importing and tax concessions, in return for exporting most of the output produced there. Despite lively and well-publicized debate as to their merits, though, EPZs continue to play only a minor role in the development thrust of Third World nations.

## NORTHERN MARKETS AND THE THREAT OF PROTECTIONISM

To the degree that export manufacturing has succeeded in the developing countries, a critical factor has been access to Northern markets. Despite efforts to improve trade among themselves, Third World nations still conduct almost 70 percent of their trade with industrial countries. Given such a high degree of dependence, Northern trade policies remain critically important for the developing countries' export prospects. Just how important can be seen from the effects on the South of the 1981-82 Northern recession when exports, economic growth, and hence employment, declined in the Third World in lockstep with falling growth rates and demand in the industrialized countries.[14] Protectionist pressures in the North also increased during the recessionary period, hitting some Third World industrial exports particularly hard and worsening the general export uncertainty in the developing world.

In general, developing nations have not benefited significantly from the postwar reforms of the international trading system. Multilateral trade negotiations, held under the auspices of the General Agreement on Tariffs and Trade (GATT), have not focused on Third World concerns or interests; liberalization has largely bypassed the South, which has been too weak to influence the negotiating process. Consequently, trade in products of greatest export interest to the South has been liberalized the least, and tariff protection in the North has remained biased against efforts by developing countries to expand their processed and manufactured export products.

The Southern nations, frustrated with these barriers to their development, lobbied from as far back as the first United Nations Conference on Trade and Development (UNCTAD) in 1964 for a new trading arrangement that would be more responsive to their needs. This goal was a central feature of the call for a New International Economic Order (NIEO) in the early 1970s. In 1974, the North accepted the concept of preferential treatment in the form of a Generalized System of Preferences (GSP) as developed under UNCTAD auspices. Unfortunately, the GSP was flawed from the beginning. Viewed as a concession by the industrialized nations, GSP rates were not treated as a binding contractual agreement as were the tariff cuts negotiated within the GATT. Moreover, most products of export interest to the developing countries, such as primary textiles and apparel, were excluded from the preferential tariff treatment.

Through a variety of mechanisms and non-tariff barriers, it has been relatively easy for the North to discriminate against developing countries without fear of retaliation. Particularly telling in this regard is the fact that under the Multi-Fibre Arrangement (MFA), the international accord governing world trade in textiles, trade among the industrialized countries is not subject to the same restrictions as are imposed on developing country exports to Northern markets.

Characterized by pernicious new ways of curbing imports, the 'new protectionism' (typified by the MFA) has expanded its coverage to a much broader range of products. Although Third World countries have not always been the targets, the uncertainty created by the new protectionist measures is having particularly adverse effects on them. Not only are Third World governments and firms ill-equipped to deal with the new non-tariff barriers being erected, but they also desperately lack the certainty and security needed to plan for, and invest in, their overall economic development. For example,

> the MFA, in particular, by almost freezing quota allocations, has all but denied countries such as Sri Lanka, Bangladesh, Mauritius and Indonesia, the chance of seriously developing further export-oriented manufacturing in the textile and clothing industries. At the same time, it has taken away from the more industrially advanced developing countries, such as the Philippines, Pakistan and Colombia, the incentive to make the necessary policy adjustments to their textile and clothing industries.[15]

To date, most developing countries have expanded their manufactured exports, in spite of the barriers encountered. The NICs, having borne most of the direct brunt of Northern protectionism, are beginning to shift into less protected product lines. This has not necessarily diminished competitive pressures on industrialized nations, but rather has created exporting opportunities for the second-tier 'newly exporting' countries. Although the NICs are well on their way to sustained industrial growth and diversification, it remains to be seen how the next generation of industrial exporters will fare in the decade to come.

Clearly, export levels and growth would have been considerably higher had it not been for a continued deterioration in access to Northern markets; moreover, the durability of Third World export expansion will inevitably be put in question if poor economic conditions persist or worsen in the industrially advanced countries, or if protectionism remains unchecked.[16] Particularly important is the fact that protectionism has caused a contraction in the developing countries' textile and clothing exports.[17] This is a key export sector for advanced and less advanced developing countries alike and one with a particularly high proportion of women in the work force in all countries. In other words, the new protectionism has significantly

diminished both the growth prospects in the developing world and the accompanying job-creation opportunities which, in the past, have frequently gone to women.

*NOTES*

[1]United Nations Conference on Trade and Development (UNCTAD), *Trade and Development Report 1982*, New York, 1982, p. 71.

[2]*Ibid.*

[3]Helen Hughes and Jean Waelbroeck, "Can Developing Country Exports Keep Growing in the 1980s?", *The World Economy*, vol. 4, no. 2 (June 1981), p. 132.

[4]*Ibid.*

[5]General Agreement on Tariffs and Trade (GATT), *International Trade 1980/81*, Geneva, 1981, pp. 17-18; UNCTAD, *Developments in International Trade Which Have a Bearing on the Trade and Payments Position of Developing Countries*,COM.TD/W/368, June 18 , 1982.

[6]The World Bank, *World Development Report 1982* (New York: Oxford University Press for the World Bank, 1982), p. 11.

[7]*Ibid.*

[8]Geoffrey Renshaw, "An Overview" in *Employment, Trade and North-South Cooperation*, ed. by Geoffrey Renshaw (Geneva: ILO, 1981), p. 70.

[9]For a discussion, see James H. Adams, "Transnational Investment in the Third World: Issues for Canada", in *In the Canadian Interest? Third World Development in the 1980s* (Ottawa: North-South Institute, 1980), pp. 71-149.

[10]Louis Turner, *The Newly Industrializing Countries* (London: The Royal Institute of International Affairs, 1981); Donald Keesing, "Linking Up to Distant Markets: South to North Exports of Manufactured Consumer Goods", *The American Economic Review*, vol. 73, no. 2 (May 1983), pp. 338-42.

[11]By the mid-1970s, offshore assembly provision (OAP) imports made up 10 percent of West German and 22 percent of United States' imports from developing countries. See J.M. Finger, "Offshore Assembly Provisions in the West German and Netherlands Tariffs: Trade and Domestic Effects", *Weltwirtschaftliche Archiv*, bd. 113, heft. 2 (1977), pp. 243-67; J.M. Finger, "Tariff Provisions for Offshore Assembly and the Exports of Developing Countries", *The Economic Journal*, vol. 85 (June 1975), pp. 365-71.

[12]Intra-firm transactions have been taken as a proxy for exports by transnational corporations. See G.K. Helleiner and Réal Lavergne, "Intra-firm Trade and Industrial Exports to the United States", *Oxford Bulletin of Economics and Statistics*, vol. 41, no. 14 (November 1979).

[13]Geoffrey Renshaw, "An Overview", p. 69.

[14]The World Bank, *World Development Report 1983*, p. 2.

[15]Commonwealth Secretariat, *Protectionism: Threat to International Order, The Impact on Developing Countries* (London: Commonwealth Secretariat, 1982), p. 74.

[16]See for example, Paul Streeten, "A Cool Look at Outward-Looking Strategies for Development", *The World Economy*, vol. 5, no. 2 (September 1982), pp. 59-169.

[17]Commonwealth Secretariat, *Protectionism*, p. 70.

CHAPTER 3

# WOMEN IN THIRD WORLD INDUSTRIES

Dramatic shifts in international trade and production, coupled with growing protectionism in Northern industrialized countries, are having a profound impact on employment prospects for women in the Third World. This is particularly true in the manufacturing sector, where developing nations wish to expand their export capacity. Although manufacturing as a source of employment has been observed to play only a small role in most developing countries, in some regions (particularly Asia) this sector has been expanding; and the employment consequences for women have been significant. For example, between 1971 and 1980, the number of women employed in manufacturing more than doubled in the Philippines, Thailand, Singapore, South Korea and Hong Kong, with half the increase in the electronics and textile and clothing industries.[1] The importance of these two industries for women calls for a more detailed discussion of the subject. Based on available literature and case studies, this discussion should help illuminate some of the very mixed effects of industrial employment on the lives of Third World women.

## WOMEN IN THE ELECTRONICS INDUSTRY

In both developing and developed countries, the electronics industry is noted not only for its success in creating employment for women, but also for the relatively poor working conditions encountered by its labour force. Third World electronics firms are found predominantly in Asia, Central America and the Caribbean, but unfortunately, owing to the lack of comparable and consistent data, as well as to the cyclical nature of the industry, it is difficult to assess the number of women employed in electronics in these regions. In Southeast Asia alone, one estimate suggests, 300,000 women earn their living in this industry.[2]

What is clear, however, is that the vast majority (75 to 90 percent) of assembly workers in the electronics industry around the world are women. Most of them are new entrants to the labour force, usually with some high school education; they are mostly young, single and childless. In the *maquiladoras* (the assembly plants of Mexico's border zones), 70 percent of the employees have never worked before[3] and 85 percent of the female employees are between the ages of 17 and 23. In the Mazan zone of South Korea, 80 percent are between the ages of 14 and 24. However, by the time they are 30, few of these women are still employed by electronics companies.

Because it is a high technology field, the electronics industry in Asia and elsewhere appears, on the surface, to deviate from the standard employment available for women in manufacturing. However, the work women do (usually assembling electronic components) is, in many ways, simply a variation of the type of work they have always done, requiring, as a rule, a low level of skill. The work is labour-intensive, monotonous and poorly paid, with few, if any, opportunities for promotion; there is little job security, and the work is conducted in what are frequently hazardous conditions. A 1978 study in Singapore and Malaysia asked plant managers of electronics factories why they preferred to hire a predominantly young, single and female labour force. According to their responses, the managers believe that

- in comparison with men, female workers are more industrious, more obedient, and more suitable for delicate work because they are defter and more patient and have small fingers;
- they are less inclined to organize themselves in trade unions;
- they are prepared to take exceptionally low wages;
- their recruitment is made easier because alternative employment opportunities are almost non-existent; and
- young and unmarried women offer maximum flexibility at lowest cost because they work shifts both day and night.[4]

While female dexterity is a dubious rationale (there is no scientific proof that small hands are more dextrous than large hands – it is much more a question of training and general flexibility), the preference for female workers is no doubt largely a function of the relatively low cost of their labour. Starting wages are often low to begin with, due to an abundant supply of willing workers, and the fact that unions are almost non-existent means that wages increase mainly as a result of 'seniority'. Indeed, electronics firms often seek to justify low wages on the basis that these young women do not have families to support, a fact that is also used to justify lay-offs.[5] Furthermore, since the majority are single women, childless and often living away from home, employers can demand shift work without disrupting the workers' responsibilities at home, thus keeping the factory open continuously.

Wage costs are also kept down through the use of a trainee system, perhaps the most questionable means of all. Considered trainees for as much as six months after they begin their employment, female workers are thus paid apprenticeship wages even though, according to personnel officers, "a new operator can learn her job in a week or two at most".[6] The savings accrued in this way are such that in one Asian country in 1974, trainees comprised 40 percent of the workers in assembly industries, a figure which by 1977 had dropped only to 30 percent.[7]

Because of low trainee wages, these women must often be supported during this period by other family members. Moreover, in some plants, workers are laid off at the end of the maximum training period, and thus are unable to earn full wages at any point. The International Labour Organization (ILO) observes that while "strictly speaking this is not an illegal practice, it is hardly a praiseworthy one".[8]

The electronics industry's tendency to recruit from a very narrow and specific group of women has led to considerable discussion about the actual benefits of such employment creation. As in the case of most other 'modern sector employment', older married women with children are discriminated against in this labour market and must take what employment is available in other sectors.[9] As one observer has noted, the low-skill nature of this employment "means that women are absorbed and then rejected at different stages of their life cycle".[10]

Labour differentiation of this nature raises another concern – since the majority of those employed are new entrants to the labour force, the 'real' unemployment level is not being reduced. In other words, the fact that large numbers of 'male' jobs are not being created has led some to question the desirability of promoting this type of development.

Although criticisms levelled at the industry must be taken into account, it is important to point out that these women would not willingly take such employment unless there existed a strong incentive – economic or otherwise – to do so. Having access to a regular job and a cash wage, for example, provides young women with some financial independence for the first, and perhaps only, time in their lives. While the wages may be low, they still are often higher than those earned in the informal sector. It also provides an opportunity to physically escape "the confines of the rigid family set up".[11]

A primary incentive, however, is this group's ability to contribute to the total income of their families, especially once their training is completed. Many women in the Philippines, who had been working for more than two years, reported sending home half or more of their monthly salaries; in Malaysia, the average worker remitted from 25 to 50 percent of her wage.[12] Malaysian electronics workers fre-

quently reported that male family members could not find work,[13] making their income all that more critical for a family's survival. The extra income becomes indispensable in the urban areas, where living costs are generally higher and the young women are often living at home. As one study has found, daughters are sent out to work to "meet payments for necessities and for improved living standards which many urban families in developing countries have come to expect from their countries' development".[14]

Additional, and often unwanted, pressures arise from this new role for women within the family structure. In Hong Kong and Taiwan, for example, families come to depend on the extra income; hence they "resist their daughters' wishes to marry. After marriage the girls either stop working or use most of their income to set up a new household".[15] Older daughters too must often discontinue their own education in order to work so as to pay for the education of younger family members.[16]

Extremely high turnover rates in the electronics industry have led observers to question the quality of these jobs, especially with respect to job security and working conditions. Three to four years is the average tenure of EPZ workers and, as mentioned, few women remain employed there after the age of 30. This alone, however, does not explain turnover rates as high as 200 percent in one factory in Singapore or the *average* turnover rate of 60 percent per year in the Dominican Republic.[17] Rather, a mix of pressures and circumstances must be taken into account.

Companies often deliberately encourage high turnover by requiring employees to quit if they marry or become pregnant. This is a profitable practice, since experienced workers are not needed to maintain high levels of productivity. Indeed, after three or four years on the job, their seniority necessitates higher wages, and their deteriorating health (caused by poor working conditions) reduces efficiency, so that 'older' women are sometimes dismissed en masse and replaced by younger girls at the lower 'apprentice' wage.[18] Thus, constant hiring, firing and rehiring of people as trainees provides significant reductions in the EPZ firm's wage bill.

An industry vulnerable to boom and bust cyclical variations, and sensitive to cost competitiveness in a tough international market, finds the ability to hire and fire workers without repercussions an attractive policy. For instance, during the mid-1970s' recession, one-half of the 40,000 workers in Mexico's border region[19] and one-third of Singapore's electronics workers (15,000 people)[20] lost their jobs. Yet when production resumed, it is most unlikely that these workers were recalled, for as we have seen, it is cheaper to hire new workers than to recall those laid off. Not uncommon, either, is for a manufacturer to simply close a plant and move to where labour costs are lower, on the grounds that it could not otherwise compete internationally.

Besides the cost advantages inherent in promoting a high turnover rate and the genuine global economic instability of the electronics industry, the voluntary withdrawal of women from the labour force is also a contributing factor. As the women employed are relatively young, somewhat educated and single, it is apparent that, given a choice (in the absence of pressures from parents or others), they are likely to stay at work only for the period between leaving school and getting married.[21] While EPZ firms do little to encourage long-term commitment from workers, it has been argued that EPZ employment "fits a particular need not met by any other source of labour demand in developing countries".[22]

For those who wish to remain in the labour force, opportunities to improve their situation are limited. Mobility within a company is difficult, for after the trainee period, female workers generally remain fixed in the same position until they quit or are fired. An exception would be if their declining health were impairing their work. The skills they learn in this type of employment are minimal and not easily transferable to other economic sectors or industries. Moreover, worker mobility between firms is restricted as neighbouring TNCs reportedly often collude in keeping wages low and refusing to hire workers from other firms.[23]

Finding alternative employment can be hampered as well by the fact that a social stigma is frequently attached to factory work. In cultural terms, personnel policies, particularly in the electronics industry, reportedly promote Western commercial values regarding feminine beauty — women workers are encouraged to wear make-up, for example, and buy Western fashions. This sets them apart from the more traditional women outside the EPZs, who tend to view the former group as 'immoral'. Having to live on or near the factory compound out of necessity, being thus free to socialize at night and have boyfriends, only contributes to this impression. The sharp contrast in lifestyle between rural villages and the factory is such that, after three or four years, these women inevitably find it difficult to readjust to village values. The stress on 'feminine' beauty also seems to distract these young women from the prevailing working conditions, in the eyes of some observers.

The problem of family acceptance, "particularly severe in Malaysia where the factory culture is more pronounced than in other countries in the region",[24] can cause considerable personal conflict. When coupled with the lack of alternative employment options for female factory workers, this leaves many of them stranded when their employment ends. For example, church workers in South Korea, where the electronics industry is over 10 years old, report that "many former electronics workers have no alternative but to become prostitutes to support themselves".[25]

More important than the mainly economic characteristics that have been emphasized thus far are the *working conditions* found in the electronics industry.* Specifically, questions have been raised about health hazards in the production process, the effects of a highly regimented work environment and the living conditions supplied for company employees.

With respect to health hazards, two main problems arise. Firstly, because of the extensive use of microscopes, eye disease and vision disorders are commonplace. After only a year of employment, as one Asian survey discovered, 88 percent of the workers had chronic conjunctivitis, 44 percent became near-sighted, 19 percent developed astigmatism, and headaches due to eye strain were common.[26]

A second serious hazard involves the use of chemical solvents in the production process. Many are known to be carcinogenic and, when coupled with the fumes produced by metal soldering, clearly lead to reproductive problems, liver and kidney damage and cancer. As one observer concludes:

> The health risks become acute where there is an absence of adequate protection and workers are not trained or informed of the dangers of working with chemicals.[27]

Providing few breaks during the long working day, these factories also generally operate within a tense and rigidly disciplined atmosphere. Thus, the fast pace and intensely monotonous and repetitive assembly work often causes and/or aggravates nervous disorders, including stomach ailments. Mandatory overtime and step-ups in production, both of which can lead to fatigue, increase the probability of industrial accidents.[28] Rotating shift work is equally 'destructive' to health since the body must adjust to different schedules every one or two weeks, making it especially difficult for those married women who must work a night shift and tend to their household duties during the day.[29]

Poor living conditions in EPZs, particularly overcrowding and inadequate sanitary facilities resulting from rural migrant workers being forced by circumstances to live within industrial compounds, have also raised concerns. Shift work and lengthy commuting time between the towns and the EPZ locations are among the factors which make it necessary for many workers to live within industrial compounds.

Improving conditions for female employees in the industry could be an important role for trade unions, except that both TNCs and host

*It is noteworthy that the electronics assembly industry is listed as a "high health risk" industry under *American* occupational health and safety legislation (UNIDO, 1980, p. 25).

governments, through legislation and regulations, have frequently blocked any attempts to organize workers. Personnel policies which combine authoritarian discipline with sophisticated human relations techniques are also utilized to keep unions out and maintain high levels of productivity. These include the promotion of "company slogans, publications extolling traditional female attributes, and recreational activities such as beauty contests".[30] Sewing and make-up classes are other popular activities – all calculated to cloud an employee's vision of her true status.

Attendance, punctuality and high productivity are encouraged by a bonus system, which together with overtime pay is often the only way that workers are able to earn an adequate income.[31] A small bonus is often given to workers who most exceed production norms or quotas, but quotas are continually raised as the workers become more proficient. Productivity records of workers in other subsidiaries have been presented on occasion to Asian workers so as to induce them to maintain or surpass their quotas.

A certain degree of worker isolation also serves to preclude the electronics workers from unionizing. The division between the various EPZ industries "makes it difficult for workers to cross industry lines to organize themselves or even to understand their common position as workers and as women".[32] The fact that electronics workers are generally better educated than other factory workers also serves to foster this isolation.

However, despite the belief that women are more docile workers, their organized protest against poor working conditions and pay is growing. Unions are being organized in some plants, even in the face of strict government restrictions against unionization, and where this has not proven feasible, spontaneous protests have occasionally shut down plants.

Women's access to jobs and an independent income may be major benefits resulting from development in the electronics industry, but these benefits, as we have just seen, must be weighed against equally major costs. As the ILO observes, "most Asian developing countries appear to be opting for maximum short-term employment and income for the rotating segment of female workers".[33]

## WOMEN IN THE TEXTILE AND CLOTHING INDUSTRIES

The textile and clothing industries in developing countries have a great deal in common with the electronics industry: both are relatively labour intensive, low-wage and low-skill industrial activities; they are major export industries; and they have a predominantly

female labour force. Many of the factors previously outlined which affect the decision by women to take up such employment also apply to the textile and clothing case.

However, there are important differences as well. Whereas electronics is one of the newest modernizing industries in the developing world (some have referred to electronics firms as 'space-age sweatshops'), the textile industry is the oldest modernizing industry and has played an important transitional role in the industrialization process for several centuries.[34] While the Third World electronics industry has emerged almost exclusively due to offshore investments by transnational corporations and with most of its output destined for export markets, the textile and clothing industries have usually had indigenous entrepreneurial roots and have at least initially centred on serving the domestic market.

In recent years, the 'traditional' structure of the textile and clothing industries has been changing in the South due to the promotion of export manufacturing, particularly in the garment industry. In Asia, for example, approximately one-sixth (100,000) of the EPZ jobs created have been in this sector, and in some countries such as Sri Lanka, EPZ production and employment have been overwhelmingly in these industries.[35] These activities are much more likely to be local, or at least Asian businesses, even in the EPZs, than is the case with electronics.[36] Asia's textile and clothing industry, therefore, has undergone a large transition from being primarily domestic to one with considerable export value, as one observer has noted:

> More than any other industries, textiles and clothing have been responsible for Asia's rapid industrialization and for its burgeoning foreign exchange earnings. In the past three decades textiles have become the continent's most important export industry and largest industrial provider of jobs.[37]

Traditionally, textile and clothing industries have been one of few sources of paid employment for women in many countries and today embody many of the characteristics of female industrial work as discussed in the previous section. That is, the work is monotonous, low-skilled, poorly paid, labour intensive and subject to boom and bust production cycles. Well over 80 percent of the workers are women, hired for much the same reasons as are women in the electronics industry – they can be paid very low wages, because lower educational and skill levels are required and productivity is lower than that of other industries,[38] and they are relatively easy to control.

Another similarity between the industries is that neither necessarily adds to employee skills or enhances opportunities for alternative employment. One ILO study cited by Robert observes that,

> for women with no particular training, it is easy to learn. But for those who have some experience and may even be skilled seamstresses the fragmented operations offered in many workshops may result in a loss of skill over a certain period.[39]

Moreover, the textile and clothing industries do not give their employees much credit for the skills they do bring to the job. For example, sewing is a skill that requires manual dexterity which comes from years of practice. Yet because sewing is generally learned in the home, it is frequently not acknowledged as a skill by the employer. As a result, women are not paid salaries commensurate with what many male workers would earn who spent an equal amount of time acquiring formal training.

One reason these industries are able to more or less ignore women's traditional skills is that, as in the electronics industry and the industrial sector generally, women are usually engaged in the least skilled and least technical aspects of production; that is, the first and last stages of production – preparing, arranging, assembling and packaging, although even in these areas new technology might displace women in the future. The middle stages involving production technology have much lower levels of female participation.

The fact that the size of the female labour force is usually inversely related to the degree of automation is well illustrated by the relatively few women employed in synthetic textiles, the most capital and technology-intensive part of the textile industry. The case of India is illustrative, for in 1946 women made up 12 percent of the Indian textile work force, but by 1976 their participation had dropped to 4 percent. The jobs reserved for women were generally those in departments which did not use power equipment and, as such, paid less than 'male' occupations.[40]

For reasons similar to those common in the electronics' case, job security is also tenuous. In some ways, however, the clothing industry is unique in that it also experiences periodic fluctuations in its labour force requirements due to seasonal variations and changes in fashion. Employers therefore prefer to readily hire or fire workers and the lack of protective legislation often ensures that they can do so without paying compensation.

In order to maintain a flexible labour force of skilled workers, parts of the production process in the clothing industry are being increasingly given to sub-contractors who in turn often employ home workers. Since the jobs that are reserved for women are generally the least mechanized, they are also those which are most easily adapted to the contract system. In both the developed and developing countries, these home workers are paid on a piece-rate basis and thus frequently earn much less than the minimum wage. Since they are usually paid in cash, they are not able to claim the tax and social

security benefits to which a self-employed person is entitled in some countries and these workers are less likely to join unions or take part in other organized labour activities.

Although home work allows women to earn an income while at the same time maintaining their domestic responsibilities, they find that there is no real separation between home and work and the pressure to 'work' is always present. In addition, the normal house is not suited to garment production and consequently may create health hazards for the worker and her family.[41] Contracted work is still carried out, at times, on factory premises but again, the women involved receive no fringe benefits. Frequently, younger women work on contract, and in that way many factories avoid having to pay maternity benefits since more permanent positions are reserved for women over 40.

Working conditions in the clothing industry are often very poor and are actually considered to be generally worse than in the electronics industry.[42] Common occupational health problems include back-strain from bending over machines and lifting heavy bundles of materials, eyestrain due to poor lighting and detailed work requiring close concentration, skin problems created by allergies resulting from exposure to the particular materials with which the women work, and lung disease resulting from breathing in fibre dust in poorly ventilated factories.[43] Rotation shift work also contributes to health problems as the women find it difficult to readjust eating and sleeping habits and complain of fatigue and headaches.

Long hours exacerbate these health problems. Compared to European workers in the same industries, it has been found that Third World textile and clothing employees work 20 to 30 percent longer than their European counterparts. For example, in South Korea, approximately one-half the employees work more than 8 hours a day and 30 percent have 15-hour workdays.[44] This does not mean, however, that productivity per hour is lower. Indeed, there is evidence that in various parts of the production process it is higher. Moreover, despite the poor working conditions and the strain of rigid discipline, absenteeism and turnover are much lower than in the developed countries. Workers are reluctant to stay away from work when they are sick because it is possible that they will be replaced by 'fresh labour'.[45]

As in the case of the electronics industry, the conditions under which women must work in the clothing industry could be improved through increased unionization. Unfortunately, organized labour activities in the South are almost non-existent in this industry and, as the following quote indicates, the possibility that employers will initiate wage increases and improvements in working conditions is remote.

This is particularly true in the garments industry where there are numerous firms world-wide and entry into the industry is relatively easy, given the low capital and technology requirements. In some of the Asian countries especially, small, indigenous firms have very narrow profit margins and frequently close down, becoming 'fly-by-night' operations.[46]

In the face of such a system it would appear that the quality of employment offered women by the textile and clothing industries in the Third World may not improve in the short-term. However, like their counterparts in the electronics industry, viable employment alternatives simply do not exist.

*NOTES*

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[3]American Friends Service Committee, "Newsletter" (Fall 1980), p. 10.

[4]Linda Lim cited in Boesveld, "Women in Industrial Development", p. 5.

[5]Rachel Grossman, "Women's Place in the Integrated Circuit", in *Southeast Asia Chronical/Pacific Research*, SAC issue no. 66 (1978), PR vol. 9, nos. 5-6 (1979), p. 10.

[6]*Ibid.*

[7]ICFTU, *Trade Unions and Transnationals*, p. 18.

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[10]*Ibid.*

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[13]Pasuk Phongpaichit, "Southeast Asian Women in Industry", Paper for Women, Work and Society Symposium, September 22-23, 1982 Indian Statistical Institute, New Delhi, p. 14.

[14]United Nations Industrial Development Organization (UNIDO), *Women in Redeployment of Manufacturing Industry to Developing Countries* UNIDO Papers on Structural Changes, no. 18 (July 1980), p. 20.

[15]Grossman, "Women's Place", p. 16.

[16]UNIDO, *Women in Redeployment*, p. 20.

[17]International Council for Research on Women (ICRW), "Keeping Women Out: A Structural Analysis of Women's Employment in Developing Countries" (Washington, D.C.: U.S. Agency for International Development, April 1980), p. 76.

[18]Boesveld, "Women in Industrial Development", p. 5.

[19]ICFTU, *Trade Unions and Transnationals*, p. 18.

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[22]*Ibid.*, p. 6.

[23]ICRW, "Keeping Women Out", p. 76.

[24]Grossman, "Women's Place", p. 13.

[25]*Ibid.*, p. 16.

[26]UNIDO, *Women in Redeployment*, p. 25.

[27]*Ibid.*

[28]ICFTU, *Trade Unions and Transnationals*, p. 21.

[29]UNIDO, *Women in Redeployment*, p. 25.

[30]ICFTU, *Trade Unions and Transnationals*, p. 20.

[31]Grossman, "Women's Place", p. 16.

[32]*Ibid.*

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[34]Elise Boulding, "Integration Into What? Reflections on Development Planning for Women", in *Women and Technological Change in Developing Countries*, ed. by Dauber and Cain (Boulder: Westview Press Inc., 1981), p. 11.

[35]Dennis Ramanayake, *The Katunayake Investment Promotion Zone: A Case Study* (Bangkok: ARTEP, September 1982), p. 25.

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[37]Annette Robert, "The Effects of the International Division of Labour on Female Workers in the Textile and Clothing Industries", *Development and Change*, vol. 14 (1983), p. 27.

[38]Linda Lim and Eng Fong Pang, *Trade, Employment and Industrialization in Singapore*, WEP 2-36/WP 17 (Geneva: ILO, June 1982), p. 176.

[39]Robert, "The Effects of the International Division of Labour", p. 32.

[40]Amrita Chhachhi, "The Case of India", in *Of Common Cloth: Women in the Global Textile Industry*, ed. by Chapkis and Enloe (Amsterdam: Transnational Institute, 1983), p. 39.

[41]S. Mitter and A. van Luijken, "A Woman's Home is Her Factory", in *Of Common Cloth*, p. 65.

[42]UNIDO, *Women in Redeployment*, p. 25.

[43]Robert, "The Effects of the International Division of Labour", pp. 31-32.

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[45]*Ibid.*, p. 31.

[46]UNIDO, *Women in Redeployment*, p. 35.

CHAPTER 4

# CANADIAN LINKAGES: WOMEN IN THE VULNERABLE INDUSTRIES

With its strong links to the international economy, Canada has not remained isolated from the changing international division of labour outlined in Chapter 2. Likewise, many of the trends in international investment and trade affecting women's employment in developing countries have important, and often related, implications for women in industrially advanced countries such as Canada. As the discussion below indicates, this is particularly true for women working in 'traditional' industries such as textiles, clothing and footwear who are directly affected by growing competition from developing countries.

## IMPACT OF IMPORT COMPETITION FROM DEVELOPING COUNTRIES

The manufacturing sector in Canada demonstrates the widely-held fact that Canadian women are proportionately over-represented in those occupational groups that are least attractive in remuneration, working conditions, job security, skill requirements and the like. In manufacturing, women tend to be concentrated in low-wage, labour-intensive, standard technology industries (as are their counterparts in the Third World), and it is these same industries which are most vulnerable to import competition from developing countries. The extent to which women workers in Canada are most directly, and often most adversely, affected by changing patterns of North-South trade is outlined below.

### Women in the Vulnerable Industries

Only 1.6 percent of Canada's total labour force in 1982 (and 2.4 percent of the female labour force) were employed as production workers in the six industries (textiles, clothing, leather products, small electrical products, toys and games, and sporting goods) that

**Table 4.1**
Employment Structure in Canada's Vulnerable Industries, and Average Annual Earnings, 1982

| Industry | Total Employed | As a % of Total Manufacturing | As a % of Total Employed in Manufacturing | | Females as a % of Total Employed in the Industry | Average Hourly Earnings ($) |
|---|---|---|---|---|---|---|
| | | | Female | Male | | |
| Leather[a] | 19,614 | 1.6 | 4.1 | 0.8 | 60.1 | |
| Textile | 45,869 | 3.8 | 6.8 | 2.8 | 42.6 | 7.52 |
| Knitting Mills | 15,798 | 1.3 | 3.8 | 0.5 | 69.7 | 5.92 |
| Clothing | 79,051 | 6.5 | 22.4 | 1.6 | 81.2 | 6.13 |
| Electrical Products[b] | 15,314 | 1.3 | 2.6 | 0.9 | 47.8 | 8.24 |
| Toys and Games, Sporting Goods | 14,154 | 1.2 | 2.2 | 0.8 | 45.4 | 6.66 |
| Total – Vulnerable Industries | 189,800 | 15.7 | 41.9 | 7.5 | 63.4 | — |
| Total – All Manufactures | 1,212,424 | 100.0 | 100.0 | 100.0 | 23.7 | 9.81 |

[a]Includes footwear.
[b]Vulnerable electrical production includes small electrical appliances, lighting fixtures, household radio and T.V. receivers, and miscellaneous electrical products (Mathews, 1980).

Source: Statistics Canada, *Manufacturing Industries of Canada: National and Provincial Areas*, 1982, Catalogue No. 31-203 (Annual) (Ottawa: Supply and Services Canada, November 1984).

are generally considered vulnerable to developing country imports. However, as Table 4.1 demonstrates, within these vulnerable industries there are two dominant characteristics of the labour force structure that expose women particularly to employment changes in these specific industries. First, the number of women, as a percentage of the total production work force employed in these industries is considerably greater than female representation in the manufacturing sector generally. Although women composed only 23.7 percent of the total manufacturing labour force in 1982, *they represented 63.4 percent of the workers in the six vulnerable industries.* In the clothing, knitting mills and leather products categories specifically, they made up 81.2, 69.7 and 60.1 percent of the labour force respectively. The corollary of this is that male participation in these industries is considerably lower than in manufacturing generally.

The second inter-related characteristic illuminated by Table 4.1 concerns the concentration of women in these particular manufacturing industries as opposed to manufacturing generally. Of all Canadians in the manufacturing sector, 15.7 percent work in those industries designated here as vulnerable to import competition from developing countries. However, *41.9 percent of all women employed in manufacturing in Canada are employed in these six industry groups alone.* The corresponding figure for men is 7.5 percent.

Perhaps the most obvious characteristic of this skewed pattern is the low remuneration in the manufacturing industries where women's participation is the highest. As the table illustrates, the average hourly wage for those employed in the vulnerable industries has been consistently – and considerably – lower than wages paid in the manufacturing sector generally. Although there is no breakdown of the wages earned by men as opposed to women, the fact that such a large proportion of women work in the manufacturing industries with the lowest wage scales in the sector cannot be ignored.

Interestingly, in the Textile and Clothing Board's (TCB) 1981 annual report, a partial link was made between low wage levels and the proportion of women working in the textile, clothing and knitting sectors. It suggested that wages are generally lower in these sectors relative to other manufacturing activity in Canada because

> for most jobs in the three sectors, the training period required is relatively short, investment per job is relatively small, demand for the product varies substantially and *the proportion of female workers, particularly in the clothing sector, is very high.*[1] (emphasis added)

Moreover, in comparing wage rates in these three sectors, the report suggested that it is "probable" that wages are lower in the clothing and knitting sectors than in the more capital-intensive textile sector "due to the different proportions of women employed respectively by each sector".[2]

In its 1983 annual report, the board continued to use this type of analysis but developed it further by showing that, relative to other industries with predominantly female labour forces (e.g., service industries), women working in textile and clothing industries "are not the most poorly remunerated".[3] In other words, although low wages in these sectors can be attributed to the fact that the jobs are filled by women, these women are actually better off than women working in other sectors.

Apart from the fact that women earn less than men in most labour market activities, low wage scales in these particular industries can also be partly explained by factors that separate the vulnerable sectors from other manufacturing activity in Canada. Generally speaking, these sectors are characterized by labour-intensive production processes and rigorous cost/price competition within the Canadian market. These factors combined underlie the oft-expressed concerns regarding working conditions in these sectors.

**Conditions in the Canadian Garment Industry**

The garment industry is a case in point: in order to maintain its competitiveness in the domestic market, the most effective means – and often the only one at the disposal of small producers – is to cut labour costs as much as possible, thus adopting the same stratagem as many companies manufacturing for export in developing countries. This structural aspect of the industry has meant that wages and benefits have remained low, and working conditions poor, relative to other manufacturing industries in Canada.[4]

In Ontario and Quebec, this constant pressure on labour costs has led producers and unions to collaborate with provincial governments to stabilize the industry by setting and enforcing minimum employment standards. A committee system established in Ontario under the *Industrial Standards Act* has quasi-official jurisdiction over the four main industries within the garment sector; and in Quebec, a decree system under the *Act Respecting Collective Agreement Decrees* binds collective agreements negotiated in union shops on all employees and employers of particular industries. Such efforts have been deemed necessary in both provinces to eliminate unfair labour practices and protect the most vulnerable workers. For the producing firms, this type of regulation is a means of preventing unfair competition due to labour-cost cutting; for unions, it is a way of preventing illegal labour practices; and for non-union workers, it is perhaps their only protection from exploitation.

Although these regulatory mechanisms may have stabilized the garment sector somewhat, the system does not appear to have improved either employment standards or working conditions beyond minimum levels. Furthermore, it does not seem to have arrested the trend toward increased utilization of home workers or to have improved the

terms and conditions which this particular class of workers must accept. Although accurate estimates of the number of people doing piecework in their homes are difficult to derive, some 'guestimates' put their numbers at approximately 10,000 in Quebec and over 7,000 in Ontario in the garment industry alone.[5] Whatever the numbers, the home work system is notorious for operating largely outside the confines of government regulations specifically designed to protect the workers, most of whom are immigrant women. As Laura Johnson points out, Canada's industry has two classes of workers:

> ...the inside factory workers, who receive regular wages, benefits and overtime pay for overtime hours – and the homeworkers, who receive none of these things. Within an industry already known for low wages, high pressure of work and poor working conditions, the homeworkers are extremely disadvantaged.[6]

Unfortunately, more regulation, while necessary, will not be sufficient to alleviate the situation of home workers. Unless viable work alternatives are made available to those currently trapped within the home work system, producing firms will always be able to find ways to circumvent the rules.

Besides the general structure of the textile and apparel industries, other practical problems may inhibit any improvement in employment conditions. Most significantly, the labour force is composed largely of *immigrant* women, one of the most vulnerable groups in Canada. It has been estimated that in Montreal, Toronto and Winnipeg, approximately one-half of textile and almost all the clothing industry workers are immigrant women.[7] While in theory this should not be significant, in practice it is. In an industry like garment manufacturing, with a high rate of unemployment and a large contingent of immigrant women who may speak neither official language (or perhaps who are working illegally), there is only a slim chance that complaints will be registered or that workers are aware that the *right* to complain exists. Even when complaints are voiced and violations confirmed, employers often receive little more than a slap on the wrist.[8]

It is also important to note that the level of unionization in the garment industry (as well as in the other vulnerable sectors) is quite low. In 1982, one-half of all women working in the textile, clothing and knitting industries were members of a union. Besides the lower wage scale, the low level of unionization is no doubt a factor behind the relatively poor working conditions, the generally poor benefits provided, and the lack of job security. What is more, the unions responsible for these industries do not enjoy a very good reputation for protecting their members,[9] particularly American-based unions such as the International Ladies' Garment Workers Union and the Amalgamated Clothing and Textile Workers Union; but this more or less holds true for Canadian-based unions as well. Lacking a strong

**Table 4.2**
Employment Structure in Canada's Vulnerable Industries:
The Regional Breakdown, 1982

| Industry & Province | Total employed | As a % of total manufacturing employment in province | As a % of total manufacturing employment in province | | Females as a % of total employed in the industry |
|---|---|---|---|---|---|
| | | | Female | Male | |
| **Leather**[a] | | | | | |
| Quebec | 8,413 | 2.4 | 5.4 | 1.4 | 58.2 |
| Ontario | 10,002 | 1.7 | 4.5 | 0.1 | 64.6 |
| **Textiles** | | | | | |
| Quebec | 20,868 | 6.0 | 7.9 | 5.3 | 34.6 |
| Ontario | 21,475 | 3.6 | 7.1 | 2.5 | 48.2 |
| **Knitting Mills** | | | | | |
| Quebec | 8,686 | 2.5 | 6.2 | 1.2 | 65.5 |
| Ontario | 5,874 | 1.0 | 3.0 | 0.3 | 73.9 |
| **Clothing** | | | | | |
| Quebec | 47,513 | 13.6 | 41.5 | 3.8 | 79.7 |
| Ontario | 21,233 | 3.6 | 12.1 | 0.8 | 82.9 |
| **Electrical**[b] | | | | | |
| Quebec | 4,149 | 1.2 | 1.8 | 1.0 | 40.2 |
| Ontario | 10,797 | 1.8 | 3.9 | 1.2 | 51.7 |

**Table 4.2** (cont'd)

| | | | | | |
|---|---|---|---|---|---|
| **Toys & Games, Sporting Goods** | | | | | |
| Quebec | 5,840 | 1.7 | 2.2 | 1.5 | 34.9 |
| Ontario | 7,604 | 1.3 | 2.9 | 0.8 | 54.6 |
| **Total Vulnerable Industries —** | | | | | |
| Quebec | 95,469 | 27.4 | 65.1 | 14.0 | 62.2 |
| Ontario | 76,985 | 13.1 | 33.4 | 6.4 | 63.0 |
| Canada | 189,800 | | | | |
| **Total All Manufactures —** | | | | | |
| Quebec | 348,333 | 100.0 | 100.0 | 100.0 | 26.2 |
| Ontario | 589,649 | 100.0 | 100.0 | 100.0 | 24.6 |
| Canada | 121,224 | | | | |

[a]Includes footwear.
[b]Vulnerable electrical production includes small electrical appliances, lighting fixtures, household radio and T.V. receivers, and miscellaneous electrical products (Mathews, 1960).

Source: Statistics Canada, *Manufacturing Industries of Canada: National and Provincial Areas*, 1982.

union presence, workers are made that much more vulnerable in the face of technical changes, lay-offs and plant closures. While some might point to provincial labour legislation as a source of protection, the inadequacies are evident. Not only is such legislation inconsistent across provinces, but it is also known for its weak surveillance mechanisms and poor enforcement record.

The need for more effective government action is becoming urgent as the vulnerable industries increasingly feel the effects of recession, foreign competition and new technology, all of which contribute to large numbers of lay-offs.

**Prospects for Alternative Employment: The 'Adjustment' Problem**

Besides the 'normal' disadvantages facing women in Canada's labour market, women laid off in the vulnerable industries have considerably fewer alternatives for new employment than their male counterparts. In the analysis that follows, two factors will be examined that contribute to this situation – the regional concentration of the industries concerned and the general employment characteristics of the women workers. This section is therefore concerned with their potential 'adjustment' in the light of the increasing competition from developing countries.

Because the largest proportion of vulnerable industries is located in central Canada, the question of adjustment has become an extremely sensitive political issue. As Table 4.2 shows, 76,985 (40.6 percent) and 95,469 (50.3 percent) of the 189,800 Canadians employed in the six vulnerable industries live in Ontario and Quebec respectively. These industries are a somewhat larger source of jobs for Quebec than for Ontario, and account for a larger share of Quebec's manufacturing activity. In 1982, 27.4 percent of Quebec's total manufacturing labour force was employed in the six industries, with 13.6 percent employed in the clothing industry alone. In view of this greater dependence, Quebec women are in a much more vulnerable position than their Ontario counterparts – *65.1 percent of all women working in manufacturing in Quebec are employed in these particular industries*, with the largest percentage (41.5 percent) in the clothing sector. When seen from a provincial perspective, the employment implications of increased import competition take on a somewhat different colouration.

This regional concentration is highly significant in terms of general labour market development in Canada. For example, there has been a shift in economic vitality and power away from Canada's industrial heartland toward the more resource-based Western provinces. Also accompanying this has been a shift in the type and location of new employment open to Canadians. Not only are many of the new jobs in the West – that is, away from where most of the displaced workers are located – but they are also different in the type of skills, experience

and education required. A closer look at the employment characteristics of women currently employed in the declining industries, and the experiences of displaced workers to date, indicates the severity of the adjustment problems facing them.

The ease with which displaced workers are absorbed into new employment depends on a wide variety of factors. For example, age, sex, marital status and educational background greatly influence how 'adjustable' a person may be and one's ability to find new work. As the following discussion of 1981 census data demonstrates, the employment profile of workers in the industries most vulnerable to imports from developing countries is far from typical of the Canadian labour force, and many of the women concerned will face serious problems unless given the opportunity to move to, or train for, new work.

With respect to age, only one or two years separated the average age of women working in the vulnerable industries (35-36 years) from those in the labour force at large (34 years). However, almost 30 percent of the women in the leather, textile, clothing and knitting industries were over 45 years of age, as compared to only 24 percent of the Canadian female working population. There was also a larger proportion of married women in these industries (70-72 percent) than in the general labour force (63 percent) and the women were more likely to be married than the men.[10]

Table 4.3 shows that the proportion of both men and women born outside Canada was considerably higher among workers in the vulnerable industries than in either the manufacturing sector generally or the labour force at large. The same pattern held true for those whose mother tongue was neither English nor French. For example, in the clothing industry, 46.9 percent of all women workers, and 43.7 percent of the men, were born outside Canada (14.8 and 11.8 percent in Southern Europe and Asia respectively), and 41.0 percent claimed a mother tongue other than the two official Canadian languages.

Perhaps most significant of all, education levels of workers in the vulnerable industries were considerably lower than for the labour force as a whole as Table 4.4 indicates. For example, although 10.4 percent of females in the Canadian labour force did not proceed beyond grade 9, 41.9 percent of the women in the clothing industry and 39.2 percent of those in the knitting industry fell in this category. This data is revealing for what it implies about the aptitude of these workers, and/or their ability to return to school or retrain for other occupations, especially when the high proportion of immigrant women is considered.

**Table 4.3**
Employment Structure in Canada's Vulnerable Industries:
Place of Birth and Mother Tongue, 1981

| Industry by Sex | Total Workers (000) | Canada % | U.S.A. % | U.K. % | Southern Europe % | Asia % | Total[a] % | Mother Tongue English | Mother Tongue French | Mother Tongue Other |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Labour Force** | | | | | | | | | | |
| Male | 7155.3 | 80.1 | 1.2 | 3.9 | 4.5 | 2.8 | 19.3 | 59.9 | 25.0 | 15.1 |
| Female | 4898.9 | 81.2 | 1.4 | 4.1 | 3.7 | 2.9 | 18.8 | 62.0 | 24.1 | 13.9 |
| **Manufacturing** | | | | | | | | | | |
| Male | 1641.8 | 76.0 | 0.9 | 4.4 | 6.3 | 3.5 | 24.0 | 55.9 | 26.3 | 17.9 |
| Female | 637.6 | 70.9 | 0.9 | 3.6 | 11.2 | 4.9 | 29.1 | 51.8 | 25.6 | 22.6 |
| **Leather** | | | | | | | | | | |
| Male | 13.3 | 68.8 | 0.8 | 2.5 | 12.2 | 6.0 | 31.2 | 39.7 | 34.8 | 25.5 |
| Female | 18.8 | 64.4 | 0.4 | 1.8 | 20.5 | 4.5 | 35.7 | 35.2 | 34.0 | 30.8 |
| **Textile** | | | | | | | | | | |
| Male | 46.6 | 81.8 | 0.8 | 2.8 | 5.1 | 3.4 | 18.9 | 40.0 | 47.4 | 12.6 |
| Female | 36.9 | 68.4 | 1.0 | 2.8 | 14.2 | 4.9 | 31.6 | 41.2 | 33.8 | 25.1 |
| **Knitting** | | | | | | | | | | |
| Male | 7.6 | 57.5 | 0.8 | 2.7 | 12.6 | 9.5 | 42.5 | 33.4 | 36.3 | 30.2 |
| Female | 15.1 | 52.7 | 0.4 | 1.5 | 27.2 | 7.6 | 47.3 | 27.6 | 32.6 | 39.8 |
| **Clothing** | | | | | | | | | | |
| Male | 29.7 | 56.3 | 0.6 | 1.4 | 18.1 | 7.6 | 43.7 | 29.6 | 34.0 | 36.4 |
| Female | 100.3 | 53.1 | 0.4 | 0.8 | 24.2 | 11.8 | 46.9 | 16.9 | 42.2 | 41.0 |
| **Electrical Products[b]** | | | | | | | | | | |
| Male | 19.8 | 67.4 | 0.9 | 4.8 | 8.3 | 6.4 | 32.7 | 53.8 | 23.5 | 22.7 |
| Female | 14.4 | 66.0 | 3.6 | 4.4 | 14.4 | 4.3 | 34.1 | 53.6 | 34.4 | 24.9 |
| **Toys & Games, Sporting Goods** | | | | | | | | | | |
| Male | 7.3 | 76.7 | 0.9 | 3.2 | 7.0 | 4.2 | 23.3 | 44.8 | 38.4 | 16.8 |
| Female | 7.0 | 60.7 | 0.8 | 3.6 | 19.3 | 5.7 | 39.3 | 42.7 | 28.2 | 29.1 |

[a]Includes all other birthplaces outside Canada.

[b]Includes small electrical appliances, lighting fixtures, radio and T.V. receivers and miscellaneous electrical products.

Source: Statistics Canada, *Population: Labour Force – Industry by Cultural Characteristics*, 1981 Census of Canada, catalogue 92-922, vol. 1, National Series (Ottawa: Supply and Services Canada, February 1984), Table 1.

Statistics published in 1979 by the Department of Industry, Trade and Commerce, on the employment-related experience of displaced workers, confirmed that women often have the most difficulty finding and keeping new jobs. The survey covered workers who had been laid off between 1974 and 1976 in the textile, clothing and electrical products industries, and was designed to collect empirical data on the factors affecting their re-employment.[11] Workers were divided into three categories – those who left the labour force completely, those who remained in the labour force but were unemployed at the time of the survey, and those who had found employment. Among the many findings, a few are of particular note here. Table 4.5 indicates that the majority of workers surveyed, both men and women, had found new work at the time of the interviews, although women had not fared as well as men in this regard. As Table 4.6 illustrates, women experienced much longer periods of unemployment, with married women waiting the longest of all.

The report also stated that the duration of unemployment for women over 40 increased with age, although there was little difference in the unemployment periods of females under 40.[12] Women were also more likely than men to leave the labour force completely after losing their jobs in the vulnerable sectors; of the 17 percent of the sample that left the labour force, 58 percent were women. Moreover, almost three-quarters of the women who had left were married, and of this group the overwhelming majority (81 percent) had a spouse who was working at the time.[13]

After presenting its data on the actual experience of the respondents, the project report then discussed some of the factors affecting the prospects for alternative employment. In particular, the study was quite specific about the impediments facing women, especially married women, as opposed to men.

> In general, the relatively long durations [of unemployment] for females may be associated with the fact that their domestic responsibilities and their common position as secondary income earners in the family tend to reduce their mobility. This lack of mobility, plus a lower average level of training and skills and the possibility of discrimination by employers could reduce their job opportunities and could lead to longer durations of unemployment.[14]

Because of the survey's design, no conclusions could be drawn concerning the geographical mobility of displaced workers (although the study did uncover a high degree of occupational and industrial mobility).[15] However, as the above quote indicates, when taken with the other systemic disadvantages women face in the labour market (e.g., fewer skills, lack of information, and discriminatory hiring practices), the potential immobility of women relative to men appears to be another problem for those in need of alternative employment.

**Table 4.4**
Employment Structure in Canada's Vulnerable Industries:
Highest Level of Schooling, 1981

| Industry | Less Than Grade 9 % | Grades 9-13 Without Certificate or Diploma % | Grades 9-13 With High School Certificate or Diploma % | Trades Certificate or Diploma % | Some University or College With or Without Diploma/Degree % |
|---|---|---|---|---|---|
| **Total Labour Force** | | | | | |
| Male | 15.2 | 24.2 | 11.8 | 14.9 | 33.8 |
| Female | 10.4 | 24.6 | 17.3 | 8.6 | 39.1 |
| **Manufacturing** | | | | | |
| Male | 17.5 | 26.2 | 13.1 | 16.8 | 26.5 |
| Female | 22.9 | 30.2 | 17.7 | 7.1 | 22.0 |
| **Leather** | | | | | |
| Male | 30.0 | 31.8 | 12.8 | 7.5 | 17.9 |
| Female | 35.4 | 35.3 | 15.0 | 5.2 | 9.0 |
| **Textiles** | | | | | |
| Male | 23.5 | 28.1 | 14.7 | 11.4 | 22.3 |
| Female | 29.8 | 30.9 | 16.4 | 6.4 | 16.5 |
| **Knitting Mills** | | | | | |
| Male | 23.1 | 28.0 | 14.8 | 9.4 | 24.8 |
| Female | 39.2 | 29.8 | 14.5 | 5.5 | 11.1 |
| **Clothing** | | | | | |
| Male | 28.3 | 25.8 | 13.9 | 9.2 | 22.8 |
| Female | 41.9 | 27.1 | 13.7 | 6.6 | 10.6 |
| **Electrical Products[a]** | | | | | |
| Male | 14.1 | 24.4 | 13.2 | 15.0 | 33.3 |
| Female | 23.3 | 34.9 | 18.2 | 6.1 | 17.6 |
| **Toys & Games, Sporting Goods** | | | | | |
| Male | 18.6 | 27.4 | 14.6 | 10.7 | 23.9 |
| Female | 30.2 | 31.3 | 15.9 | 5.3 | 17.4 |

[a]Includes small electrical appliances, lighting fixtures, radio and T.V. receivers and miscellaneous electrical products.

Source: Statistics Canada, *Population: Labour Force – Industry by Demographic and Educational Characteristics*, 1981 Census of Canada, Catalogue 92-921, vol. 1, National Series (Ottawa: Supply and Services Canada, January 1984).

**Table 4.5**
The Canadian Adjustment Experience: Labour Force Status After Separation from the Vulnerable Industries (by sex)

| Sector of Separation | Had Found Work by Time of Survey # | % | Still Unemployed at Time of Survey # | % | Had Left Labour Force # | % | Total Separations |
|---|---|---|---|---|---|---|---|
| **Clothing** | | | | | | | |
| Total | 465 | 62 | 99 | 13 | 189 | 25 | 753 |
| Male | 141 | 78 | 15 | 8 | 25 | 14 | 181 |
| Female | 324 | 57 | 84 | 15 | 164 | 29 | 572 |
| **Primary Textiles** | | | | | | | |
| Total | 1,772 | 67 | 436 | 16 | 456 | 17 | 2,664 |
| Male | 1,229 | 74 | 225 | 14 | 200 | 12 | 1,654 |
| Female | 543 | 54 | 211 | 21 | 256 | 25 | 1,654 |
| **Electrical & Electronic** | | | | | | | |
| Total | 524 | 60 | 209 | 24 | 145 | 17 | 878 |
| Male | 296 | 76 | 53 | 14 | 43 | 11 | 392 |
| Female | 228 | 47 | 156 | 32 | 102 | 21 | 486 |

Source: Canada, Industry, Trade and Commerce, *A Report on the Labour Force Tracking Project/Costs of Labour Adjustment Study* (March 1979), Tables 2, 3 and 6.

**Table 4.6**
The Canadian Adjustment Experience: Distribution of Unemployment Duration for Sex/Marital Status Groups (%)

| Duration of Unemployment | Single Males | Married Males | Single Females | Married Females |
|---|---|---|---|---|
| 1 month or less | 36 | 45 | 30 | 22 |
| 2 – 4 months | 19 | 17 | 18 | 13 |
| 5 – 11 months | 29 | 26 | 30 | 33 |
| 12 months or more | 16 | 12 | 22 | 32 |
| Total | 100 | 100 | 100 | 100 |

Source: Canada, Industry, Trade and Commerce, *A Report on the Labour Force Tracking Project/Costs of Labour Adjustment Study* (March 1979), Table 20.

## CANADIAN ADJUSTMENT POLICY

In the 1970s, the Canadian government's response to the need for adjustment in the most vulnerable industries (i.e., textiles, clothing and leather products) was a combination of controls restricting the flow of imports and financial assistance measures for affected firms hit by import competition. Such assistance was designed to help those firms improve their ability to become more competitive. Although in the 1980s more attention has been paid to another element of assistance – that of helping the women and men displaced by import competition to find new jobs – the basic thrust of the government's adjustment strategy for the affected industries remains much the same: import controls on the one hand and adjustment assistance on the other. Both aspects are discussed below.

**Import Control Measures**

Canadian policy responses to import competition from developing countries have been based on the premise, or hope, that by providing Canadian producers with a 'breathing space', they would undertake to put the industry in a competitive position or move into more viable lines of production. This response has repeated itself on numerous occasions over the past two decades in the textile and clothing industries and, more recently, in footwear as well.

In the case of textiles and clothing, Canada has been a signatory to a series of international agreements which embody this same rationale. In line with the Long Term Agreement Regarding International Trade in Cotton Textiles (1962-74) and the current Multi-Fibre Arrangement (MFA), the Canadian government has managed the flow of Third World imports by negotiating *voluntary export restraints* (VERs) with developing countries (and Eastern European suppliers) whose exports have been found to be 'injurious' to Canadian producers. This approach was applied on a limited product by product, year by year, basis until 1976, when far more comprehensive measures were put into place by way of a 'global' import quota applied against *all* exporting countries, on all apparel items. In 1979, the global quota (taken on an emergency basis under GATT, the General Agreement on Tariffs and Trade) was replaced by a series of VERs with some countries, once again under the MFA, which were in turn renegotiated in 1981 for another five years. As a result of these measures, imports declined as a share of the Canadian clothing market – from 35 percent in 1975 and 44 percent in 1976 to 32 percent by 1981. The current MFA is due to expire in July 1986 and discussions concerning its future – either renewal or phasing out – begin in July 1985. It should be noted that the MFA regulates only Third World exports of clothing and textiles, and thus, the trade of the developed countries remains unrestrained.

Although there is no equivalent to the MFA regulating international footwear trade, Canada, like other industrially advanced countries, has repeatedly taken special measures to protect its domestic industry. In 1977, the Canadian government took its first major protectionist action in this sector (and its first outside textiles and clothing) when it imposed a global import quota on leather footwear. Although this action was meant to be temporary, the footwear quota was extended in 1980 and renewed in 1981-82, when it was extended to cover canvas as well as leather footwear imports. As is the case with the clothing and textile sector, protection of the footwear sector has taken on a rather permanent character as Canadian producers find themselves unable to meet the international competition posed by 'low-cost' imports.

Given Canada's long and extensive record of protecting its vulnerable sectors from import competition, one must ask how effective this has been as the basis for an adjustment strategy. The answer is perhaps given by the fact that large segments of Canada's textile, clothing and footwear industries remain uncompetitive and continue to require special import protection to survive. Moreover, import protection has not been very successful in its other objective, to protect Canadian jobs. While production levels may have been buoyed by the government's protectionist policies, many women and men are still losing their jobs due to labour-displacing production technology introduced by companies trying to improve their competitive position (at least *vis-à-vis* other industrially advanced countries). Table 4.7 shows that employment in the textile and clothing sectors declined considerably between 1973 and 1981, despite modest production increases over the same period. In the knitting sector, where production decreased by 3.3 percent, the corresponding loss of employment was 26.6 percent.

Thus, protection has not been, and cannot be viewed as, a solution for the many problems facing the vulnerable sectors. The policy has served primarily to delay and deflect change, rather than promote necessary adjustments. Almost by definition, protection implies resistance to socio-economic change and adjustment. To serve adjustment objectives, protectionist measures must be tightly circumscribed with regard to their product coverage and duration. Items which cannot be competitively produced in Canada should not be covered, and import restrictions must be phased out according to strict pre-announced timetables; otherwise, firms and workers will make decisions with the hope that protection will continue. If correct economic signals are being given by the import policy regime, it is more likely that adjustment assistance measures for workers and firms will be successful.

It is also important to note that the structure of tariffs, valuation practices and, in some cases, quantitative restrictions, also carries with it costs that must be borne by other sectors of the economy. For example, it has been estimated that in 1979 each Canadian family

**Table 4.7**
Total Variations in Real Domestic Product (RDP) and Employment in the Textile, Clothing and Knitting Sectors Between 1973 and 1981 (%)

| Sectors | RDP | Employment |
|---|---|---|
| Textile | 10.4 | -11.0 |
| Clothing | 3.6 | -6.1 |
| Knitting | -3.3 | -26.6 |

Source: Canada, Textile and Clothing Board, *Annual Report on Textiles and Clothing 1982*, p. 16.

paid a premium of $100 for apparel items due to Canada's tariffs and special import controls, and that this extra burden of inflated prices fell more heavily on low-income consumers[16] (a disproportionate number of whom are female). More generally, import protection diminishes the overall dynamism of the national economy and interferes with long-term employment and growth prospects.

The tendency of Canada and other industrialized countries to rely indefinitely on special measures of protection in vulnerable sectors seems to have legitimized the derogation of GATT principles. In particular, trade policies that discriminate only against imports from developing countries have become commonplace. As a nation heavily dependent on international trade, however, Canada's best interests are found in a healthy multilateral trading system that promotes the further liberalization of international trade. Import protection also penalizes Canadian industries and workers dependent on exports, often jeopardizing their export markets, just as it contributes to economic instability in those developing countries which peg their development efforts on increased export growth. Indeed, much attention has been given recently to the connection between the problems many developing countries face in meeting their international debt obligations and the spread of protectionism in the world economy. Clearly, it is a link that must be made if care is to be taken to maintain stability in the international economy.

**Adjustment Assistance**

In recent years, the Canadian government has utilized a variety of industrial and employment policies to help the Canadian economy adjust to import competition from developing countries. While it is generally felt that the overall benefits to be gained from liberalizing trade (and of resisting trade protection) exceed the costs of making the necessary adjustments, it is also recognized that the benefits of trade are distributed throughout the Canadian economy whereas the direct adjustment costs are borne primarily by those most seriously affected by increased import competition; that is, the businesses involved, the workers employed, and the communities in which the

affected industries are located. For both equity and efficiency, therefore, adjustment assistance measures have been devised to compensate those directly affected for their losses and/or to facilitate their movement into more viable economic activities.

Canadian adjustment policies applicable to import-competing industries currently consist of three main components:

- Sectoral assistance to firms to either improve their competitiveness or phase out non-competitive lines of production
- Community development programs to minimize the general economic disruption caused by mass lay-offs or plant closings
- Sector-specific labour adjustment programs that aim to supplement the government's general employment policies and ease the unemployment burden of displaced workers

These major components of the government's adjustment policy exist side by side with, and have been designed as supplements to, many general employment and industry programs offered by the federal government. Because the adjustment policy is so fundamentally connected with these general programs (most of which are operated by Employment and Immigration Canada), they will be outlined briefly below, followed by a closer look at the special adjustment assistance programs themselves.

*General Employment Programs*

The federal government's involvement in employment and labour market policy through Employment and Immigration Canada (EIC) is wide-ranging.[17] On one level, there is a whole gamut of 'employment services' that aim to bring labour supply and demand together in the labour market. For example, the department provides mobility grants to workers moving to new jobs outside of their locales, employment counselling services, and job information for employers and employees. As well, there are programs designed to help women and groups with special needs such as natives, youth and the disabled. In the case of women, special employment counselling centres (nine to date) have been established across Canada in a pilot project to assist women who are entering the paid labour force for the first time, re-entering after a lapse of more than a year, or are contemplating a career change. An affirmative action program has also been in place since June 1983 to promote greater female representation in a broader range of occupational groups and levels in the public service.

On March 8, 1985, the new Progressive Conservative federal government announced a broad range of measures under the heading of

Employment Equity, "a concept which removes employment barriers, identifies and removes discriminatory policies and practices, and fosters the fair representation in the labour market of women, native people, disabled persons, and visible minorities".[18] The new measures, which represent the government's response to the recommendations of the Royal Commission on Equity in Employment (the Abella Commission), will extend the Employment Equity concept to crown corporations, federally-regulated businesses and some firms contracting with the government.[19]

On another level, EIC also provides a variety of general and sectoral programs that are geared toward the broader questions of 'labour market development'; for example, training, employment creation and adjustment assistance. Although only one such program is designed specifically for women (special training initiatives in non-traditional occupations), they are touched by the government's involvement in all labour market activities.

Such targetted assistance within the government's programs attests to the growing importance of women in the labour force and the recognition that they face special problems. However, it has been suggested – and subsequently documented – that women have not benefited from Canada's wide-ranging employment policies in a manner commensurate with either their level of participation in the labour force or their disadvantaged position within it.[20] Considering that women comprise 42 percent of the labour market and that they are over-represented in low-skilled and vulnerable industries, this is a serious indictment.

Many problems women encounter in using the government's general employment programs and its economic development initiatives can often be traced back to basic program design and the terms attached. For example, the New Employment Expansion and Development (NEED) Program (a relatively large program that was allocated $500 million by the federal government and $153 million by provincial/territorial governments for the 1982-83 fiscal year) required that those who were eligible should remain in the same employment category as their previous job. But since most jobs created under this program were in the construction and forestry sectors, few opportunities were created for women. (This program has since been incorporated into the Canada Works program.)

Similar problems have arisen *vis-à-vis* the government's economic development plans. Since they often emphasize resource development and mega-projects in the energy and transportation sectors, they provide little scope for improving the economic position of women. As Kerr has demonstrated, women are not only segregated by occupation within the Canadian labour market, but they are also proportionately less represented in those primary and manufacturing sectors receiving the most federal attention and funding.[21] This is not to

say that the government's employment and economic development programs should be creating jobs in the declining sectors where women are losing jobs. Rather, more thought should be given to the needs and circumstances of women – especially since their unemployment rate is traditionally higher than that of men.

One instrument that by definition should work toward ensuring better access to the new economic development opportunities is the government's involvement in industrial and occupational training. In August 1982, the National Training Act was passed by Parliament to replace the Adult Occupational Training Act which had served since 1967. The new act was designed specifically to

> focus efforts away from lower skill, lower demand occupations towards higher skill, high demand occupations, particularly those designated as being of national importance. This represents an important move towards meeting the current and long term labour market requirements of our changing economy.[22]

Since training programs are intended to facilitate a match between supply and demand in Canada's labour market, they are pivotal to the government's general labour adjustment strategy and, as such, their impact on the employment of women *could* be significant. Unfortunately, this has not been the case to date.

In the 1983-84 fiscal year under the National Training Program (NTP), expenditures totalled $1.0 billion and 277,341 participants started full-time training – 19 percent of whom were women.[23] This program offers two types of training, one that is institution-based and another which is centred on the workplace. Within the Institutional Training component, 27 percent of the people starting their training were women. Although there are various types of training available (e.g., language training, occupational orientation, apprenticeship, etc.), the largest percentage of women – 43 percent – were enrolled in skill-training courses, but the female participation rate was only 30 percent (the only area with a lower participation rate was apprenticeship training at 4 percent). What is more, of the 18,413 women enrolled in skills training, 42 percent were training for 'clerical and related' occupations, 13 percent were in the 'service' category and 11 percent were in training for 'medicine and health' occupations.[24] In other words, 66 percent of all women enrolled in this institution-based program were being prepared for the most traditional female occupations – those with mostly low pay and low status.

Within the Industrial Training program, the distribution of occupational training is somewhat more varied. In the 1983-84 fiscal year, 24 percent of the 33,600 people starting 'General Industrial Training' and only 4 percent of 12,519 starting 'Critical Trade Skills Training' were women. The largest proportion of women in general training – 25 percent – were training in 'product fabricating, assembling and

repair', while 18 percent were enrolled in the 'clerical and related occupation' group, 8 percent in 'medicine and health', and another 7 percent in 'service'.[25] Looking just at the 'Women in Non-Traditional Occupations' program, the figures are more encouraging but this is primarily due to the program's design. Of the 1,422 women enrolled in this program, 28 percent were in 'natural sciences, engineering and mathematics', 20 percent were in 'product fabricating, assembling and repair', and 14 percent were in 'machining and related'.[26]

Despite difficulties in generalizing about the effectiveness of federal training programs with respect to women, a few points are clear. Firstly, women remain under-represented in Canada's training programs. Secondly, the majority of women continue to train for occupations traditionally dominated by women and that are generally lower paid and less secure than male-dominated occupational groups. In light of the stated objective of the National Training Act to train workers to meet the current and future needs of Canada's labour market, the prospects for Canadian women are somewhat discouraging. As the Economic Council of Canada's 1982 report *In Short Supply* states, "if today's trainees are tomorrow's workers, there is little reason to believe that change is imminent".[27]

Impediments to the full and equal participation of women in the Canadian labour force are complex and deep-rooted, rendering the search for concrete 'solutions' somewhat elusive. In the training program, for example, at least two types of problems are apparent. On the one hand, there are problems of 'attitude' on the part of both women and prospective employers. Whether the cause lies within the educational system, family, culture or among their peers, women are not strongly encouraged to seek jobs and careers that are perceived as traditionally open only to men. On the part of employers and educational institutions, it is often the case that female applicants are automatically screened out for the same reason.

Beyond 'attitudes', a variety of 'systemic' problems tend to limit women's opportunities. Of primary concern here are the family responsibilities that inevitably fall on them. Quite often, women can accept paid work only if they are also able to find affordable, good quality day-care for their children. Even then, they may have to limit their employment so as not to disrupt their family roles (e.g., part-time employment, no overtime, etc.). On top of this, there is a well-recognized range of other social, cultural and economic disadvantages and barriers that often limit not only women's educational and career choices but also their propensity to progress and succeed once they have found employment.[28]

If training programs are going to meet the employment challenges of Canada's labour market successfully and ensure the equal representation and participation of women in that market, they must be more

sensitive to these types of problems. Meeting women's educational needs and offering convenient, available and affordable training programs will have to be a priority in program design. Perhaps most importantly, programs and promotional campaigns will have to expand so as to deal with the many attitudinal problems that are inhibiting the occupational diversification of female participation in the labour force.[29]

*Special Adjustment Assistance Programs*

In the case of the federal government's special adjustment assistance measures for import-competing workers and firms, it is not easy to determine the impact they are having on the women whose employment is most seriously affected by import competition. As has been established, however, women are heavily over-represented in the vulnerable sectors; they are relatively dependent on these industries for employment, especially in Ontario and Quebec; and, as evidence from the Labour Force Tracking Survey has indicated, women displaced from the textile, clothing and electrical products industries have a much harder time finding new employment than do their male counterparts. It follows, then, that to be successful, Canada's labour adjustment policy – for vulnerable sectors in particular – should be formulated and implemented with specific women's problems in mind.

Federal initiatives currently centre upon the Canadian Industrial Renewal Board (CIRB), established in October 1981, to coordinate and oversee adjustment policies in the textile and clothing industries.[30] The footwear and tanning industries were added to its mandate a year later. In both cases, the adjustment measures under CIRB coincided with the extension of special import controls as discussed above.

Before the board's formation, the government had, as outlined earlier, relied almost completely on industry assistance and the control and restriction of 'disruptive' imports from developing country suppliers. The only adjustment measure designed specifically for affected workers was the Adjustment Assistance Benefits Program (AABP), operated through Labour Canada, permitting early retirement for laid-off workers with long work histories in the industry. The AABP was first introduced in 1972 and initially applied only to workers in the textile and clothing industries who were over the age of 54 and had been laid off due to increased import competition. In 1975, the AABP was extended to workers in the footwear and tanning industries as well and, in May 1982, it was replaced by a new Labour Adjustment Benefits Program (LABP) covering workers in a wide variety of industries (an indication that the need for labour adjustment was spreading to other industries as well).

CIRB, then, represented a much more focused and coordinated federal approach to adjustment in the textile, clothing, footwear and tanning (TCFT) industries than had been used before. The board currently has three programs within its jurisdiction, two of which it administers and finances out of its 1981-86 budget of $288.7 million (the Sector Firms Program and the Business and Industrial Development Program) and one (the Labour Adjustment Program) which is financed by both Employment and Immigration Canada and Labour Canada but administered for the most part by EIC.

By assisting selected firms to restructure and modernize existing productive capacity, the Sector Firms Program is designed to 'revitalize' the affected industries and make them more competitive with foreign companies. Unlike previous government assistance to these industries, this program has the mandate to aid only those firms that can prove their economic and competitive viability. As of October 1984, 400 of the 917 applications received had been approved by CIRB, while 512 had been rejected. Of the over $184 million approved for disbursement, 91 percent was committed to firms in Quebec and Ontario. Sectorally, 58 percent was for the textile industry, with 31 percent and 10 percent for the clothing and the footwear/tanning industries respectively.[31]

CIRB's Business and Industrial Development Program is designed to broaden the economic base of communities most heavily dependent on the TCFT industries. In the event of plant shutdowns, or even long term lay-offs, revitalization of the affected communities through economic consolidation or diversification is essential. Although CIRB has identified 24 affected communities, only seven 'Special Areas' have been designated for assistance under this program: Cornwall, Drummondville, Hawkesbury, Sherbrooke/Magog, Trois-Rivières/Shawinigan, Valleyfield and Victoriaville/Plessisville. As of October 1984, a total of $69.8 million 'cumulative net offers' had been authorized by CIRB.[32]

In its first year of operation, CIRB's Labour Adjustment Program consisted primarily of existing regular employment services available through EIC plus the early retirement program that was available through Labour Canada. In November 1982, EIC announced special measures that would supplement the department's regular programs, stating that besides helping workers and their families adjust to the changes taking place in these industries, the new measures "could have a particularly beneficial impact on women because the affected industries have traditionally employed large numbers of female workers".[33] Initially, the new measures were available only to TCFT workers in the Special Areas or in TCFT firms receiving CIRB assistance. The measures included increased mobility assistance, portable wage subsidies for workers over 45, and enhanced training allowances. As of March 1, 1984, the special measures were extended to *all* TCFT workers.

**Table 4.8**
Canadian Industrial Renewal Program: Labour Adjustment Measures[a]

| Program | 1982-83 Fiscal Year Cost/ Commitment | 1982-83 Fiscal Year Number of Workers | 1983-84 Fiscal Year Cost/ Commitment | 1983-84 Fiscal Year Number of Workers |
|---|---|---|---|---|
| **Regular Programs/Services** | | | | |
| Placements | NA | 15,446 | NA | 23,184 |
| Referrals | NA | 53,750 | NA | 67,270 |
| Vacancies | NA | 19,413 | NA | 28,432 |
| Training Assistance | | | | |
| Institutional[b] | 4,485,005 | 2,952 | 3,589,271 | 2,306 |
| Industrial[c] | 1,284,211 | 931 | 2,399,125 | 1,279 |
| Mobility Assistance | | | | |
| Temporary | 71 | 1 | 332 | |
| Permanent | 18,710 | 43 | 15,725 | 32 |
| Canada Works[d] | 4,098,000 | 581 | 3,904,000 | 606 |
| Work Sharing[e] | 4,450,608 | 19,198 | 1,648,384 | 4,937 |
| Program for the Employment of the Disadvantaged[f] | 750,057 | 871 | 835,505 | 686 |
| Manpower Consultative Service | 204,120 | 36 (agreements) | 166,790 | 35 (agreements) |
| **Special Programs/Services** | | | | |
| Portable Wage Subsidy[f] | 44,626 | 594 | 37,949 | 139 |
| Enhanced Mobility Assistance | 1,956 | 5 | 27,854 | 32 |
| Enhanced Training Allowances | 56,214 | 54 | 25,205 | 30 |
| Labour Adjustment Benefits[g] | 8,869,336 | 644 (new claims) | 21,264,594 | 1,301 (new claims) |

[a]The number of workers shown for each program refers to workers previously employed or currently employed/placed in the textile, clothing, footwear and tanning (TCFT) industries.
[b]Excludes Provincial Administration, cost carry-overs to the subsequent fiscal year, and part-time trainees for whom cost data are not available.
[c]Includes Critical Trade Skills Training and excludes cost carry-overs to the subsequent fiscal year.
[d]There is no exact cross reference to indicate how many TCFT workers actually benefited from the new jobs created. Therefore the figure given for jobs created for TCFT workers is an estimate, based on total expenditures on job creation in the affected communities.
[e]Work sharing data are reported on a calender year basis.
[f]Both of these programs have been consolidated into the Career-Access Program.
[g]Financed by Labour Canada.

Source: Employment and Immigration Canada, "Canadian Industrial Renewal Program, Labour Adjustment Measures Annual Report 1983-84", September 1984.

Table 4.8 indicates the number of TCFT workers benefiting from CIRB's Labour Adjustment Program and the sums disbursed through EIC and Labour Canada during the 1982-83 and 1983-84 fiscal years. As mentioned earlier, the special labour adjustment measures were designed to supplement the whole gamut of regular programs available through EIC's employment services and, as the table indicates, considerably more TCFT workers take advantage of the regular programs than the special measures provided. In particular, the Canada Employment Centres continue to refer and place a relatively high number of workers in TCFT firms. Interestingly however, the number of vacancies in these industries remains high.

A few general – and cautious – observations can be made regarding the programs offered, with particular reference to the impact they are having on women.

**Training** – The amount of money disbursed and the number of workers involved in the training programs, relative to other programs, is encouraging. As mentioned, women have not done well in the National Training Program to date and there is little evidence (considering their employment profile) that women from the vulnerable sectors would do much better in terms of the type of occupation they choose to study. However, as Table 4.9 illustrates, of those TCFT workers enrolled in training, the proportion of women is more than twice the total for all sectors. Moreover, this proportion is relatively commensurate with their proportional representation within these industries, something that cannot be said for the general participation of women in the National Training Program.

**Mobility** – The amount of mobility assistance disbursed thus far has been relatively small, and, as shown in Table 4.9, the proportion of women receiving this assistance is under 20 percent. Although the geographical mobility of TCFT workers has never been measured, it has been suggested that worker mobility in these industries is low – for men and women – due to language barriers, low education/skill levels and age. For women, the problems could be compounded by the fact that many are still considered second-wage earners rather than part of a two-income family. These factors underscore the need to attract new economic activity to those communities dependent on the TCFT industries. Displaced workers in these sectors should also be given better access to *information* regarding government programs, jobs and career opportunities.

**Labour Adjustment Benefits Program** – Given the older average age of TCFT workers, this program could be particularly effective in assisting workers who are unable or unwilling to move or find alternative employment. As Table 4.8 indicates, the disbursements for early retirement are the highest within the overall labour adjustment program. Since older women are more likely than men to leave

**Table 4.9**
Canadian Industrial Renewal Program: Selected Labour Adjustment Measures, New Participants by Sector and by Sex, Fiscal Year 1983-84

| | TEXTILE | | FOOTWEAR | | CLOTHING | | SUB-TOTAL | | OTHER INDUSTRY | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total in Program | Females as a % of Total | Total in Program | Females as a % of Total | Total in Program | Females as a % of Total | Total in Program | Females as a % of Total | Total in Program | Females as a % of Total |
| **Training** | | | | | | | | | | |
| Institutional | 661 | 39.9 | 213 | 53.1 | 1430 | 69.3 | 2304 | 59.4 | 167933 | 26.2 |
| Industrial | 303 | 50.8 | 121 | 73.6 | 717 | 87.2 | 1141 | 76.1 | 32056 | 22.5 |
| Critical Skills | 69 | 4.5 | 17 | 5.9 | 29 | 24.1 | 115 | 9.6 | 12261 | 4.4 |
| **Portable Wage Subsidy** | 118 | 46.6 | - | - | 18 | 72.2 | 136 | 50.0 | 2126 | 14.6 |
| **Mobility** | | | | | | | | | | |
| Temporary | 1 | - | - | - | - | - | 1 | - | 1189 | 8.7 |
| Permanent | 35 | 11.4 | 5 | 20.1 | 25 | 28.0 | 65 | 18.5 | 8352 | 13.8 |

Source: Computer data provided by the Labour Market Planning and Adjustment Branch, Employment and Immigration Canada, February 1985.

the labour force altogether after losing their jobs, this program could be extremely useful in easing the financial burden of their displacement.

**Manpower Consultative Service**[34] – Among other tasks, the service helps management and labour by providing consultants, with outside and government expertise, to plan for expected lay-offs and plant closures. As such, it is an innovative attempt to foster employer-employee cooperation and assist workers to locate new employment or make use of labour adjustment programs. Considering the wide variety of special employment assistance available, this service can – and does – provide workers with a much more focused source of information, counselling and job placement. However, because the service requires voluntary cooperation from both management and labour, it is not used as extensively as it could be in helping workers through the adjustment process.[35]

In using existing EIC programs as a component of the CIRB adjustment initiative, the government looked to the more personalized services it could offer to workers facing displacement in the TCFT industries. By providing more comprehensive information to the TCFT workers, it would be much easier for them to get the most out of the labour adjustment programs.

Through these efforts, the Canadian government is attempting to deal with the changing international division of labour's impact on Canadian women. However, a much more sustained adjustment effort will be necessary for Canada to move toward more liberalized international trade. This is a challenge that must be met if the goal is to fully integrate the developing countries into the international economy.

*NOTES*

[1]Canada, Textile and Clothing Board, *Annual Report on Textiles and Clothing, 1981*, p. 18.

[2]*Ibid.*, p. 19.

[3]Canada, Textile and Clothing Board, *Annual Report on Textiles and Clothing, 1983*, p. 27 and Table 20, p. 28.

[4]See Laura C. Johnson (with R.E. Johnson), *The Seam Allowance: Industrial Home Sewing in Canada* (Toronto: The Women's Educational Press, 1982); Sheila McLeod-Arnopoulous, *Problems of Immigrant Women in the Labour Force* (Ottawa: Canadian Advisory Council on the Status of Women, 1979); and Debbie Parkes, "3 Back-breaking Weeks in the Spadina Sweatshops", *Toronto Star*, 29 December 1980, p. A6 for a full discussion of the working conditions and wages in the garment industry relative to other Canadian manufacturing.

[5]Johnson, p. 104.

[6]*Ibid.*, p. 60.

[7]McLeod-Arnopoulos, p. 7.

[8]*Ibid.*, p. 13.

[9]*Ibid.*, p. 14.

[10]Statistics Canada, *Population: Labour Force — Industry by Demographic and Educational Characteristics*, 1981 Census of Canada, catalogue 92-921, vol. 1, National Series (Ottawa: Supply and Services Canada, 1984), Table 4.

[11]Canada, Department of Industry, Trade and Commerce, *A Report on the Labour Force Tracking Project/Costs of Labour Adjustment Study*, Ottawa, 1979.

[12]*Ibid.*, p. 42.

[13]*Ibid.*, p. 11b.

[14]*Ibid.*, p. 14.

[15]The survey found that the overwhelming number of displaced workers who were re-employed found work outside the industry from which they were displaced. Specifically, the service sector was the largest overall source of jobs for the displaced workers who were re-employed, with the manufacturing sector absorbing the rest. *Ibid.*, pp. 22 and 44.

[16]Glenn P. Jenkins, *Costs and Consequences of the New Protectionism: The Case of Canada's Clothing Sector* (Ottawa: North-South Institute, 1980).

[17]See Employment and Immigration Canada, *Annual Report: 1983-84* for a general description of the department's programs and activities.

[18]Canada, Treasury Board, "Employment Equity to be Key Focus in Federal Public Service", News Release (85-11), March 8, 1985.

[19]Government of Canada, "Employment Equity: A Response to the Abella Commission of Inquiry on Equality in Employment" (March 8, 1985). Legislation is expected in June, 1985.

[20]See Patricia Dale, *Women and Jobs: The Impact of Federal Government Employment Strategies on Women* (Ottawa: Canadian Advisory Council on the Status of Women, 1980); and Richard Kerr, "Women and Economic Development: A Framework for Analysis" (Working draft for Status of Women Canada, 1982), for a full discussion of this analysis.

[21]Kerr, "Women and Economic Development" examines this point extensively.

[22]Employment and Immigration Canada, *Annual Statistical Bulletin, Canada Manpower Training Program 1981-1982*, 1983, p. 1.

[23]Employment and Immigration Canada, *Annual Statistical Bulletin 1983-84, National Training Program*, March 1985, p. 5.

[24]*Ibid.*, Table 4.4, p. 72.

[25]*Ibid.*, Table 7.2, p. 97.

[26]*Ibid.*, Table 11.19, p. 148.

[27]Economic Council of Canada, *In Short Supply: Jobs and Skills in the 1980s*, 1982, p. 87.

[28]Carole Swan, *Women in the Canadian Labour Market*, Technical Study 36, Labour Market Development Task Force, Technical Studies Series, July 1981, p. 62ff.

[29]The Progressive Conservative government has initiated a consultative process in the area of training programs specifically as well as labour market strategy generally. For the substance of these initiatives, see Employment and Immigration Canada, *Consultation Paper: Training*, 1984; Government of Canada, *Employment Opportunities: Preparing Canadians for a Better Future*, a paper presented to the First Ministers Conference on the Economy, Regina, Saskatchewan, February 14-15, 1985).

[30]It is important to note that the creation of CIRB had been preceded by the introduction of the Industry and Labour Adjustment Program (ILAP) in January 1981. ILAP provides for a much more general approach to assist communities, industries and workers "most severely affected by the decline of permanent job opportunities resulting from major industrial restructuring". See Employment and Immigration Canada, *Annual Report 1982-1983*, p. 28.

[31]Canadian Industrial Renewal Board, *Third Annual Report: November 1, 1983 – October 31, 1984*, Montreal, January 18, 1985, Annex B.

[32]*Ibid.*

[33]Canada, Office of the Minister for Employment and Immigration, Press Release, November 23, 1982, p. 1.

[34]This program was renamed the Industrial Adjustment Service late in 1984.

[35]See William L. Batt, Jr., "Canada's good example with displaced workers", *Harvard Business Review* (July-August 1983) for further discussion of Canada's Manpower Consultative Service and how it compares with programs offered in other countries.

CHAPTER 5

# LABOUR CONDITIONS ABROAD AND CANADIAN RESPONSES

When Canadians – women and men – lose their jobs due to competition from countries with a virtually insurmountable advantage in labour costs, a not uncommon reaction is to label this competition 'unfair'. Such claims of 'unfair trade' have proliferated in recent years as highly labour-intensive goods, imported from developing countries, have increasingly penetrated the Canadian market in certain sectors. The assertion that Canadian workers are losing their jobs because workers in developing nations are exploited – both through low wages and poor working conditions – is a key element in Canadian producers' petitions for import protection.

By the same token, many Canadians want to ensure that workers in the developing world receive a fair wage and have satisfactory working conditions. These concerns are expressed particularly in relation to female employees who are so prevalent in many export manufacturing industries in developing countries. However, the scope for Canadian action on behalf of foreign workers is limited. Some Canadian groups favour trade restrictions against countries which do not enforce 'fair' labour standards, while the Canadian government has tended to rely on international mechanisms to improve working conditions in other parts of the world. Meanwhile, labour unions and non-governmental development organizations (NGOs) have become more directly involved in such things as labour education and consumer awareness in the Third World.

Examples of these national, multilateral and non-governmental options for Canadians will be outlined briefly below. Many of the policies, conventions and programs discussed do not pertain only to women, but women will benefit greatly from any efforts which improve the situation of workers in developing countries.

## FAIR TRADE OR UNFAIR TRADE?

The importance of the 'fair trade' issue, the emphasis given to it by the Canadian labour movement, and its real or potential influence on Canadian trade policy necessitate that it be examined closely. When trade is said to be unfair, two elements are most often cited – exploitative wages and poor working conditions. In the first case, it is argued that Canadian producers simply cannot – and should not have to – compete against producers who pay wages that are well below rates earned by Canadian workers in the same industries. Linked to this is the point that Third World producers further minimize labour costs through employment practices that would be unacceptable in industrialized countries, and by maintaining workplaces that fail to meet internationally agreed upon labour standards and basic human rights. In this instance, those arguing the case of unfair trade suggest that the Canadian government should discourage or prohibit increased trade with countries where workers are exploited. To do otherwise, they claim, would be to condone the ill-regard for workers' health, safety and rights in these countries.

To draw such a causal link between labour exploitation and low wages is often erroneous, however. Undeniably, Third World producers in some countries may succeed in minimizing their costs at the expense of workers' rights (such as the right to unionize, or by providing unsafe working environments). However, this alone cannot account for the low wage levels or for the low cost nature of production in developing countries. Low wage scales are primarily attributable to labour surpluses and lower standards of living.

Should developing nations be punished for using their comparative advantage in labour-intensive production to the best of their ability, the one factor that gives them an edge in an extremely competitive international marketplace? It seems neither logical nor fair to block their access to the Canadian market on these grounds. On the contrary, whatever will increase a country's industrial output and exports will foster its overall development, raising living standards – and wage levels. A further consideration, if Canada is going to adopt relative wage levels as a criterion for determining trade policy, is that it must be willing to accept the same treatment from others – Canadian goods could be kept out of the United States and certain Western European markets on this basis.

Dangerous working conditions and exploitative wage levels are, however, a different matter. Yet, the suggestion by some that Canada stop importing from (and exporting to) countries that abrogate or diminish workers' rights might not be an appropriate remedy in this case either. It is far from clear that such a bilateral, *ad hoc* response would effectively bring about improvements in the developing world. Its major impact might just as well be an increase in unemployment as an improvement in job quality or remuneration levels. A more viable

approach – and one less likely to become another discriminatory protectionist instrument against developing countries – would see the Canadian government supporting both multilateral efforts for more stringent adherence to international codes and conventions that outline acceptable minimum labour standards, and non-governmental activities geared toward improving working conditions. It is to these efforts we now turn.

## MECHANISMS FOR IMPROVING LABOUR CONDITIONS

Labour standards are an issue of long standing within the international community and one that has generated considerable controversy in international trade and investment circles. Mechanisms exist, and others have been suggested, that can be used to improve the conditions of Third World workers. Canada remains involved in international forums to further this end and sees this as a viable contribution to improving the conditions of life and work in developing countries. Likewise, Canadian trade unions and development NGOs significantly contribute to these efforts through financial, technical, training and other forms of assistance.

### The International Labour Code

The main international forum for addressing and acting on issues concerning labour conditions and standards is the International Labour Organization (ILO). Created in 1919 under the Treaty of Versailles, along with (but autonomous of) the League of Nations, the ILO was established as a tripartite organization whose aim was to bring government, trade unions and employers together to promote peace through social justice, specifically through the improvement of the working and living conditions of the world's workers. Although the connection between working conditions and international trade was not explicitly made, it certainly was implied in the preamble to its constitution:

> ...whereas also the failure of any nation to adopt humane conditions of labour is an obstacle in the way of other nations which desire to improve the conditions in their own countries...[1]

In other words, it was generally acknowledged at the time that if one country, or one of its industries, moved to improve the working conditions of its labour force, labour costs would be increased, and that country would be at a disadvantage over other countries or industries in the international marketplace. Hence, an *international* approach to improving working conditions worldwide was deemed both appropriate and necessary.

Today, the ILO, as a specialized agency of the United Nations, undertakes a broad range of activities.[2] However, its most important role

continues to be the formulation and ratification of statutory conventions and recommendations that, together, have become the basis of the International Labour Code. Through this code, the ILO attempts to influence labour legislation in member countries and, in turn, improve the treatment of those employed in their labour force.

The code covers broad areas such as basic human rights (e.g., freedom of association and from discrimination), employment of children and young persons (e.g., minimum wage and night work), general conditions of employment (e.g., wages, hours of work, and weekly rest) and social security (e.g., medical care, maternity benefits and old-age benefits). As well, ILO recommendations deal in great detail with occupational health and safety, industrial relations, and the problems of migrating workers.

With respect to women, a number of conventions deal specifically with their protection in the workplace (e.g., equality of remuneration, night work, maternity protection and underground work). Some of these conventions have become increasingly contentious, however, because they now seem to discriminate *against* women. On the one hand, legislation is clearly needed which guarantees certain rights to workers in general and to female workers in particular. Yet the adoption by over 40 developing countries of several ILO conventions prohibiting women in industry from performing night and holiday shifts, as well as underground work, has served to limit the kinds of jobs women can get, the number of hours they work, and the wages they make.[3] One analyst comments:

> At the time of the drafting of these instruments, women were considered to be in need of protection because they were weak and incapable of looking out for themselves. The fallaciousness of such assumptions are now well recognized. Women are neither weak nor disabled and thus do not need to be protected from the realities of everyday life... [and] the law should provide for any employed or employable persons to be protected from conditions which may be detrimental to their health, security or advancement...[4]

More important, with respect to working women, are the two equality of treatment conventions: the Discrimination (Employment and Occupation) Convention (No. 111), 1958; and the Equal Remuneration Convention (No. 100), 1951. Although No. 100 deals simply with equal pay for equal work, No. 111 is much more comprehensive in that it calls for

> domestic policies designed to promote, by methods appropriate to national conditions and practice, equality of opportunity and treatment in respect of employment and occupation, with a view to eliminating any discrimination in respect thereof.[5]

It is through ratification of, and compliance with, these discrimination conventions that equal treatment and equal protection of men and women will be guaranteed in the labour markets of ILO member states.

On the more general level of improving labour conditions, there is considerable evidence and experience to indicate that, on the whole, the existence of the International Labour Code and the regular standard-setting activities of the ILO have made a significant contribution in social policy and labour legislation in member states. While the ILO itself agrees that on the micro level the system can never be complete or "free from blemishes", on a broader level the ILO

> makes itself felt over the whole field of social and labour problems. This fact evidently influences the extent to which interested circles feel that they can find useful inspiration and guidance in ILO texts, particularly at a time when legislation is playing an ever-increasing role in implementing social policy.[6]

Beyond its role as an exemplar for domestic policy, the ILO has developed a rather complex and varied supervisory role in the international community to promote better compliance with the various conventions. Besides following up regular reports compulsorily filed by member states on their adoption of and compliance with the conventions, the ILO's Committee of Experts can also investigate complaints made by member countries against other members for not complying with conventions that *both* have ratified. Unfortunately, it is only in the case of violations in the area of freedom of association that government, employees or employers can lodge a complaint against a country that has not ratified the Freedom of Association and Protection of the Right to Organize Convention (No. 87), 1948.

Despite attempts to impose its labour standards, it remains the view of some critics that the ILO's major inadequacy with respect to improving working conditions in developing countries is that its effectiveness depends almost entirely on the support of its member countries and their willingness to first ratify, and then adhere to, the conventions adopted by the organization. Concerns have been raised, for example, by Canadian employers that some of Canada's largest Third World trading partners (e.g., South Korea and Taiwan) have not joined the ILO. Further while it is difficult to generalize about the degree of ratification and compliance with ILO conventions, Labour Canada has remarked that some concerns are "almost certainly justified" – especially *vis-à-vis* many countries that are "making significant inroads into the markets of several Canadian industries" (e.g., the Pacific Rim countries as well as Brazil, India, Mexico and Puerto Rico).[7] As Labour Canada's report on labour standards and international trade states,

> the documentation produced by the ILO's supervisory process suggests that many of these countries do not respect various aspects of freedom of association and trade union rights, allow the use of forced labour, and are deficient in protecting the rights of young people in industry.[8]

Thus, although the ILO does have various disciplinary actions at its disposal and has developed a framework for international surveillance, the major responsibility lies with individual countries. As is the case with most international efforts,

> only effective compliance at the national level makes international standards (and for that matter national standards) worthwhile and not mere lip service to or formal ratifications of conventions.[9]

Although Canada's record of ratifying ILO conventions is far from exemplary, this seems to reflect more the problems caused by the federal/provincial jurisdictional split over labour legislation than an adverse attitude toward the ILO's aims and objectives.[10] As an active member of the ILO since its early days, Canada views the organization's role as conducive to the objectives of Canadian labour legislation. Moreover, Canada views the ILO's standard-setting role as central to the international community's attempts to improve working conditions in developing countries.

**A Social Clause for the GATT?**

The inherent weakness of the ILO in enforcing compliance has led many critics to call for a more binding agreement to ensure that exploitative working conditions do not distort international trade. Although, as alluded to earlier, the link between international competition and international labour standards was made implicitly in the ILO constitution, no provisions were made for trade sanctions against countries that did not meet standards as set in the ILO's conventions. The idea of making this link explicit was reflected in the statutes of the proposed International Trade Organization (ITO), which was nearly ratified in the postwar period (although there were still no provisions for sanctions). However, when the General Agreement on Tariffs and Trade (GATT) was adopted in its place, the ITO clause on labour conditions was not included. Thus, international trade rules and international labour standards remained separate.[11]

Those advocating the addition of what is now generally referred to as a 'social clause' in GATT usually have specific motives in mind; for example, some see that it could be used as a sign of international labour solidarity. They believe that using trade sanctions and/or penalties against countries that ignore workers' basic rights is the best means of eradicating labour exploitation. Another justification for a social clause centres on a general concern for the health and strength of the international trading system. Since 'unfair' labour conditions are often cited by those calling for protection from Third

World 'low cost' imports, then, according to this view, measures must be taken to improve the labour conditions in these countries; if a social clause will appease the protectionists and save the international trade regime, then so be it. It is therefore ironic that a third – and possibly the most common – motive for advocating a social clause is that it can be used to protect industrialized countries most vulnerable to competition from 'low cost' imports; rather than being a device that would curb protectionist pressures, it is viewed by this group as a protectionist tool in and of itself.

As there is no international consensus on what actually constitutes 'fair labour conditions' for countries at various levels of development, or on how such provisions might be enforced, developing nations are greatly concerned that a social clause would be used to further protect developed country producers from lower-cost suppliers. The United States, however, has been active at times in promoting a social clause for the GATT. In November 1978, for example, it produced a working paper entitled "Labour Standards and Trade Distortions", and a year later submitted to GATT a "Proposal on Minimum Labour Standards".[12] In its proposals, the U.S. suggested that

> the GATT should consider the possibility of implementing some minimum international labour standards ... with respect to traded goods in order to fulfill the GATT preamble objective of "raising standards of living".[13]

The EEC also has shown some interest and has attempted – albeit unsuccessfully – to incorporate a fair trade clause into its Lomé agreement with countries in Africa, the Caribbean and the Pacific. Additionally, some commodity agreements contain fair labour clauses; for example, broad references to fair working conditions have been included in the agreements covering tin, rubber, cocoa and sugar. However, as one analyst has concluded, the clauses are so vague that they "cast doubt upon the practicality of the clauses, particularly since special sanctions or control mechanisms with regard to infractions are not provided for".[14]

Canadian governments have been skeptical about including a social clause in the GATT, partly because of conceptual problems in defining 'fair' trade. Canada's official attitude is that such a clause could easily be used as a protectionist tool against developing countries' attempts to expand trade through the use of their real comparative advantage in labour-intensive manufacturing production. This does not mean, however, that Third World nations should not be encouraged to improve their labour conditions. Indeed, Canada views measures that would increase international compliance with ILO conventions and the UN Declaration of Human Rights as a more viable – and acceptable – means of influencing labour policies in developing countries than measures that would impose trade restrictions for non-compliance.

In contrast to this official attitude, the labour movement in Canada supports the idea of a social clause in the GATT. Canadian trade unions representing workers in the vulnerable sectors have called for protection through such a clause, as have Canadian firms in these sectors. The Canadian Labour Congress (CLC) has lobbied for more muscle in ILO compliance mechanisms and has supported the International Confederation of Free Trade Unions' (ICFTU) call for a fair labour clause in the GATT and its concept of what this would entail. At its 11th World Congress, the ICFTU

> proposed that a social clause should be added to the GATT treaty obliging not only governments in industrialized countries to adopt anticipatory adjustment measures to protect their workers hurt by trade but also obliging governments in developing countries to ensure that companies operating in their countries observe fair labour standards such as those laid down by ILO standards.[15]

The impact of labour conditions abroad on Canada's economic competitiveness has also been worrying to Canadian business people. In 1978, employers, through the medium of the ILO's International Labour and Social Affairs Committee, persuaded Labour Canada to review Canada's membership in the ILO and its impact on Canada's trade position. According to those who conducted the review, Canada's labour representatives "showed strong support" for the ILO, whereas

> the employers were worried that Canada's participation in the ILO was tending to weaken its position in international trade because, in their view, the standards laid down in ILO conventions and recommendations were applied much more conscientiously in Canada than in many other countries.[16]

This concern seems to echo those that were voiced at and around the time of the ILO's creation. However, the jury remains out as to whether or not moving the discussion into the GATT would be an improvement over working solely through the ILO structure. In addition to a concern that the GATT structure is not well suited to interpret or enforce such a clause, it is felt that, once incorporated, it would be used as a protective device, and if so, it could have the effect of inhibiting increased participation by developing countries in international trade rather than promoting their expanded involvement. This would be an ironic result, considering that the GATT has premised its liberalization efforts on the belief that living standards will increase and development will be aided through increased trade.

**Transnational Corporations and Labour Standards**

Over the past decade, the issue of wage levels and working conditions in developing countries has also focused on the growing internationalization of world production within transnational corporations (also known as multinational enterprises). The ability of TNCs to

service world markets from almost any production base around the world means that they can have a significant effect on international trade flows. Whether or not this effect is a distorting one depends a great deal on why TNCs are using developing nations as their production base. If it is because of the generally lower wages in these countries (which, as mentioned, is their comparative advantage), then it should not be considered a distortion. However, if it is because of weak labour legislation that makes inadequate provision for the health, safety or human rights of workers as spelled out in ILO conventions, then there is a possibility that TNCs, by exploiting this advantage, could disrupt competition in Northern domestic markets.

In a number of international organizations, efforts to police the global behaviour of TNCs through declarations and codes of conduct have included items on labour standards and employment policy. The Organisation for Economic Co-operation and Development (OECD) was the first multi-governmental organization to formulate guidelines on acceptable behaviour for TNCs.[17] Although it is non-binding on its signatories, the "Declaration on International Investment and Multinational Enterprises (1976)" was an important breakthrough, since the largest proportion of the world's foreign investment is located in the 24 industrialized countries that make up the OECD. Moreover, the vast majority of TNCs are based in these countries, so the guidelines reflect the views of the OECD countries as *host* countries as well as home countries.

Although OECD guidelines cover many aspects of international investment, the clause governing employment and industrial relations is of primary interest here. In general terms, this states that TNCs should act "within the framework of laws, regulations and prevailing labour relations and employment practices".[18] In other words, TNCs are directed to follow the same legal procedures as those of national firms with respect to collective bargaining procedures, the disclosure of information in the bargaining process, training of the local labour force, adequate notification in the event of plant closures or lay-offs, and so on. There is no specific mention of working conditions, although this concern is implied in the reference to national legislation.

Since the early 1970s, the ILO also has studied the impact of TNCs on social policy questions generally and labour conditions/relations specifically. In 1977, the "Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy" was approved by the ILO governing body, and, in the preface, the ILO's director general proclaimed:

> The consensus thus reached represents an [sic] unique example of common worldwide social policy formulated by governments, employers and workers, in the best traditions of the ILO.

> The guidelines contained in the Declaration should serve to enhance the positive contribution which multinational enterprises can make to economic and social progress and to reducing or resolving the difficulties to which their operations may give rise...[19]

The principles adopted are intended to *guide* those involved (i.e., governments, employers' and employees' organizations, and TNCs) in implementing policies that "would further social progress".[20] Specifically, the document states that these groups should "observe on a voluntary basis" the declared principles covering the fields of employment, training, conditions of work and life, and industrial relations.[21] The Tripartite Declaration provides for the periodic response of member states to questionnaires distributed by the ILO as a means of bringing together government, labour and business representatives for detailed discussion of the code and its impact on the behaviour of TNCs in their respective countries.[22]

It has always been the intention of the ILO that the declaration, on completion, would be included either as an annex to or within the text of the proposed UN Code on Transnational Corporations. Considering the thoroughness of the declaration on matters of employment and industrial relations, it will most certainly be a valuable component of a UN code. Moreover, although the proposed UN code duplicates some work done by the OECD, the fact that it is being done within the UN system means that more countries – and a more diverse group of countries – are involved. While an acceptable consensus will be more difficult to reach, many more sides of the issue will be dealt with.

The Canadian government has generally supported the codes of conduct for TNCs developed within the OECD, ILO and the UN. Indeed, Canada's national legislation affecting employment policy and industrial relations goes well beyond the content of the international codes. The ILO distributes questionnaires to member countries concerning the behaviour of TNCs, and for its part Labour Canada continues to answer them. Interestingly, references are often made in these responses to Canadian legislation which is useful in safeguarding Canadian workers and communities from potentially damaging TNC decisions. In the past, the Foreign Investment Review Agency had been mentioned since it was designed to ensure that foreign investment generally was of "significant benefit" to the Canadian economy.[23] Whether or not its successor, Investment Canada, will be mentioned in the future remains to be seen.

With respect to the overall usefulness of such codes in improving the employment policies of TNCs and safeguarding workers' rights in developing countries, the limitations are evident. First, none of the guidelines is legally binding on any signatory and therefore, as in the case of most international declarations, they rely heavily on voluntary compliance and moral suasion. Second, it must be stressed that

the codes have been designed primarily to guide national governments in the surveillance and treatment of TNCs *operating within their national boundaries*. In terms of the effectiveness of the codes in improving labour standards – or at least in discouraging TNCs from taking advantage of those countries with weak labour legislation – the main responsibility for enforcement still lies primarily within national jurisdictional bounds.

It is ironic, therefore, that many Third World governments continue to offer inducements to TNCs rather than attempting to restrict their behaviour through the use of codes. Quite often, 'investment packages' designed by governments include such lucrative incentives as 10-year tax holidays, duty-free treatment of imported equipment, machinery and raw materials, and no exchange controls on profit transfers. As well, it is reported that inducements are offered *vis-à-vis* employment and labour relations – especially within the export processing (or free trade) zones, where unionists suspect that inferior working conditions, low wages, long hours and poor health and safety precautions may be part of the price paid for the creation of new employment. Moreover, as an ILO report notes, the inducements offered by host governments to TNCs have led, in some cases, to "infringements of the rights of the workers to freedom of association and collective bargaining".[24]

With respect to the behaviour of both governments and TNCs, then, the ILO must make a much more comprehensive and sustained effort than it has to date to ensure better compliance with both the ILO's basic conventions and the Tripartite Declaration. A concerted effort is especially crucial to achieve broadened recognition of the freedom of association conventions and to support unions attempting to establish themselves – especially within the export processing zones. The basic rights of workers must not be compromised merely in order to win business.

Given that existing TNC guidelines can be viewed only from the perspective of national action within national boundaries, there is little that Canada can do to ensure good corporate behaviour even on the part of Canadian TNCs operating abroad. Although the federal government has attempted to exert influence through its guidelines on the employment practices of Canadian firms in South Africa, these guidelines are concerned only with South Africa and they are also non-binding. As with the general codes, the government relies almost entirely on moral suasion and public pressure.

To sum up the discussion from the perspective of Canadian policy making, the Canadian government can do very little to influence directly the labour and employment policies of other governments or the behaviour of TNCs operating in other countries (even if they are

Canadian-based). As for the international mechanisms, their effectiveness varies according to the willingness and ability of national governments to encourage compliance with them.

**Non-Governmental Channels**

Besides the various international mechanisms through which governments can act, other channels can be pursued by Canadian groups interested in helping to protect the basic rights of workers in the developing world and improving working conditions through increased compliance to internationally accepted labour standards.

The Canadian Labour Congress (CLC) has incorporated a broad range of international issues into its policy agenda. It has, for example, given its full support to the proposals put forward by the Brandt Commission (Joe Morris, CLC president at the time, was on the commission) and continues to stress the need for a Canadian trade policy that is 'people oriented'; that is, that takes full account of the adjustment problems facing Canadian workers and addresses the issue of working conditions in developing countries. As Canada's major labour representative to the ILO and the OECD (through the Trade Union Advisory Committee), the CLC is quite active in promoting the widest possible application of both the International Labour Code and the guidelines that have been established to govern the behaviour of TNCs.

Working with international unions is one of the CLC's main areas of international activity. It is a major actor within the International Confederation of Free Trade Unions (ICFTU), the largest trade union international with 134 affiliates and 85 million members around the world. As mentioned, the ICFTU has supported the idea of a social clause in the GATT for many years[25] and has worked hard for the establishment of codes of conduct for TNCs (the ICFTU adopted a Multinational Charter on TNCs in 1975 and has continued to stress the need for stronger implementing provisions in existing codes of conduct). The ICFTU has also been active in educating union members in both developed and developing countries about the often blatant disregard for trade union rights in EPZs.[26]

To finance its international efforts, the CLC, in addition to its own funds, receives money from the Canadian International Development Agency's Unions Program (part of CIDA's Special Programs Branch), a program designed to increase the role of unions in the development process and educate Canadian workers in development issues. For example, the CLC was funded through this program for its work with the Commonwealth Trade Union Council (CTUC), an organization it helped establish in 1980 (Dennis McDermott, CLC president, became CTUC's first chairman). With an intent similar to that of the ICFTU, the CTUC promotes trade unionism in developing countries, providing technical and financial assistance to unions and supporting such efforts as worker education and training programs.

The CLC is also supporting ICFTU's direct efforts in developing nations through cash contributions and with its own personnel. To this end, the CLC now has representatives in five regional offices around the world, with involvement in many socio-economic projects in various communities and with education programs that train union monitors who, in turn, educate workers in trade unionism. Interestingly, the CLC, through its union training program, has been particularly active in training women monitors. Past experience has shown that, although women often make up a considerable proportion of the work force, most union positions – including instructors – go to men.[27] What is more, the monitors' program has shown that women are not only very keen to get involved in union activities but are also much more likely than men to continue their work in the union. Thus, the program has helped to diversify the roles open to Third World women in the work world and to encourage the growth of trade unionism.

Another union group active in international development is the Quebec-based Confédération des syndicats nationaux (CSN). Like the CLC, the CSN receives money through CIDA's Unions Program for development education activities, which are carried out within the Quebec union movement; although unlike the CLC, the CSN is not involved in overseas work. In the past, however, it has organized conferences that have brought workers from developing countries together with Canadians from the same sectors. Using this sector approach, the CSN has sought to increase knowledge of the work situations in the same field and to promote exchanges on how to improve working conditions.[28] The CSN is particularly concerned about health conditions facing Third World women workers, and during the summer of 1983, for example, it organized (with CIDA funding) a major conference on women and occupational health and safety, involving unionists, academics and others from Canada, Europe, the United States and several developing countries.

Development and human rights groups in Canada also engage in activities aimed at improving occupational conditions in developing countries. For example, MATCH International, an organization that supports overseas projects initiated by and for Third World women, is currently operating an occupational training program in Thailand. Besides the help it gives to textile union working groups to ensure that their rights are protected, MATCH has assisted women to acquire dressmaking and administrative skills so that they may establish independent dress shops. Although this is not funded by CIDA's Unions Program, MATCH does receive financial support from elsewhere in the agency.

The increased globalization of economic activity, and the corresponding increase in the influence of TNCs, has led to the creation of

various international networks and coalitions that monitor irresponsible corporate – and government – behaviour abroad. The most successful international campaign on a specific issue of corporate misbehaviour was the action launched against Nestlé in the late 1970s and early 1980s in connection with the marketing of infant formula.[29] Successful lobbying by a worldwide coalition of churches, consumer groups and development activists, grouped in the International Baby Food Action Network (IBFAN), led the World Health Organization to adopt an International Code of Marketing of Breastmilk Substitutes in 1981. The campaign against Nestlé, which involved education programs in many countries and a North American boycott, was called off in 1984, when the company signed an undertaking with its critics that it would comply with the WHO code in Third World countries.

More general monitoring of corporate behaviour is carried out by the International Organization of Consumer Unions (IOCU), representing consumer groups from over 50 countries, including Canada. At the forefront of a worldwide consumer movement, IOCU has successfully organized a global alert system on hazardous wastes, products and processes (Consumer Interpol) and coalitions concerned with both pharmaceutical issues (Health Action International) and pesticide issues (Pesticide Action Network). Each of these actions has grown out of dangerous practices by large corporations and negligence on the part of national governments and international organizations in the regulation of dangerous products. Through these efforts, consumers and workers are informed and sensitized to some of the hazards that they might face in their home or workplace (e.g., the misuse and misapplication of dangerous pesticides) and how to protect themselves.

In Canada, the Taskforce on the Churches and Corporate Responsibility (TCCR), a national ecumenical coalition, exists to encourage a greater sense of social responsibility on the part of corporations. Since its establishment in 1975, the task force has connected its concern for social, political and economic justice with its detailed collection and dissemination of information on corporate behaviour abroad. It has been particularly active in discouraging Canadian investment and banking activity in South Africa and other countries known for their disregard for human rights. As well, following the example of American church groups, the task force works toward increasing the awareness and participation of shareholders with respect to the international behaviour and activities of Canadian corporations.

Amnesty International, the human rights organization, also is active in protecting the rights of workers. Just as IOCU and others seek to encourage a greater sense of responsibility on the part of *corporations*, the steady growth and expansion of Amnesty International since the early 1960s is representative of continuing international concern over the behaviour of *governments* which disregard basic

human rights of prisoners of conscience and political prisoners. Besides providing in-depth monitoring of human rights violations and detailed research reports on various governments, Amnesty International also encourages the participation of governments, organizations and individuals in working toward a higher level of compliance with the Universal Declaration of Human Rights.

Amnesty continues to be particularly active in seeking fair treatment for those imprisoned for trade union activities and in securing assurances that workers will be allowed their basic right of freedom of association. Unfortunately, the number of requests for assistance continues to increase as governments crack down on union organizing activities. An appeal has gone out to Canadian unions in recent years to participate in an Urgent Action Network, a joint undertaking by Amnesty and the CLC. Through this network, Canadian workers commit themselves to sending one telegram per month to offending governments on behalf of fellow workers at risk in various countries due to their union activities. By taking part in such a network, Canadians can help to protect the rights of workers in other countries – rights they themselves often take for granted.

## CONCLUSION

Legitimate concern exists in Canada about the abuse of labour standards in developing nations and the conditions under which people in these countries must work. Coupled with this is a more general feeling that Canadian workers are losing their jobs to 'unfair' competition from countries in which workers are 'exploited'. For reasons advanced earlier, restricting trade with countries that fail to respect workers' rights is not likely to significantly improve working conditions in these countries.

The Canadian government and NGOs are left with various international mechanisms to promote better protection of workers' rights in the Third World. On the one hand, the government has at its disposal multilateral avenues such as the GATT (to provide increased trade with developing countries), the ILO (to work toward better adherence to the International Labour Code), and the various codes of conduct that have been drawn up to police the behaviour of TNCs. Unfortunately, these mechanisms are limited in that each depends on national compliance by member countries and gives Canada no influence in the actions of these governments.

On the other hand, the government can – and does – support Canadian labour unions and other NGOs in their work. As discussed, the labour movement is quite involved in supporting union activities in developing countries. As well, development NGOs actively engage in grassroots programs to educate workers about their rights and to alert the international community to irresponsible corporate

behaviour and human rights violations. By operating at a level just below 'officialdom', NGOs can work effectively toward improving conditions in developing nations.

Thus, Canadians are neither isolated from events occurring in the international economy nor helpless to deal with the effects of changes. Canadians have shown that they can bring about positive changes at the international level and come to the aid of those less able to act on their own behalf.

*NOTES*

[1]Kalmen Kaplansky, *Canada and the International Labour Organization* (Ottawa: Labour Canada, 1981), p. 3.

[2]For example, the ILO administers a series of employment programs in all regions of the world; coordinates a variety of training, education and research projects; publishes specialized work in the area of national and international employment and labour policy; and provides technical assistance around the world to improve the effectiveness of its policies.

[3]International Council for Research on Women (ICRW), "Keeping Women Out", pp. 49-53. This contains an extended discussion of the problems posed by 'protective legislation' in developing countries.

[4]Marcia H. Rioux, *International Instruments: A Review* (a draft paper for the Canadian Advisory Council on the Status of Women, December 1974), p. 9. Canada has not ratified any of these conventions that are now seen as discriminatory against women, with the exception of no. 45 concerning the Employment of Women in Underground Mines of all Kinds (1935), and in this case the government rescinded its ratification in 1978.

[5]International Labour Office (ILO), *Social Aspects of Industrialization* (Geneva: ILO, 1983), p. 67.

[6]ILO, *The Impact of International Labour Conventions and Recommendations* (Geneva: ILO, 1976), p. 12.

[7]Labour Canada, "Canada, Labour Standards, and International Trade", 1978, p. 43.

[8]*Ibid.*, p. 43.

[9]Kaplansky, p. 132.

[10]The fact that the ratification process has had to evolve, by constitutional necessity, within the bounds of federal/provincial relations, has meant that it has historically been a long and arduous process. It is also noteworthy that the ILO has initiated an investigation into complaints made by Canadian unions about legislation in five provinces that curtails the bargaining rights of public servants.

[11]The only mention in the GATT articles concerning labour is concerned with forced or prison labour.

[12]U.S. Department of Labor, "Labor Standards and Trade Distortions", Revised Working Paper, Washington, D.C., 1978, and U.S. Department of Trade, "U.S. Submission to GATT: Proposal on Minimum International Labor Standards", Attachment 1, Washington, D.C., 1979.

[13]U.S. Government, "Minimum International Labor Standards", p. 1.

[14]Ulrich Kullmann, "'Fair Labour Standards' in International Commodity Agreements", *Journal of World Trade Law*, vol. 14, no. 6 (November/December 1980), p. 533.

[15]ICFTU, *Economic Security and Social Justice* (Brussels: ICFTU, 1975), p. 28.

[16]Canada, Department of Labour, "Canada, Labour Standards, and International Trade", p. 1.

[17]OECD, *Declaration on International Investment and Multinational Enterprises* (Paris: OECD, 1976).

[18]*Ibid.* See the guidelines for employment and industrial relations in the declaration.

[19]ILO, *Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy* (Geneva: ILO, 1977), Preface to the Declaration.

[20]*Ibid.*, paragraph 5.

[21]*Ibid.*, paragraph 7.

[22]The ILO studies these responses and reports on the usefulness and success of the declaration and its influence on those who are party to it. It is primarily through this tripartite response that questions of principles are raised in the ILO concerning the declaration's intent and that indicate where derogations are evident.

[23]Labour Canada, "Report for the period January 1980 to December 1982 made by the Government of Canada ... to the ILO on the effect given to the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy 1977", November, 1983 (Mimeographed).

[24]ILO, *Social Aspects of Industrialization*, p. 36.

[25]ICFTU, *1983 World Economic Review* (Brussels: ICFTU, 1983), p. 46.

[26]"Export Processing Zones", *ICFTU Information Bulletin: Trade Unions and Transnationals*, special issue no. 3 (Brussels: ICFTU, March 1983).

[27]In Latin America, for example, some women have dealt with this situation by creating cross-occupational labour organizations to which only women may gain entry. This type of organization is generally more effective at being heard than attempts made by individual union members in male-dominated organizations, although it does not seem to have exerted much influence in the formulation of national development plans. See Teresa Orrego de Figueroa, "A Critical Analysis of Latin American Programs to Integrate Women into Development", in *Women and World Development*, ed. by Irene Tinker and Bo Bramsen (prepared under the auspices of the American Association for the Advancement of Science, Overseas Development Council, 1976), p. 48. Ironically, in Canada, women make up 40 percent of the work force, yet they represent only 13 percent of union members and they hold only 17 percent of all union executive positions.

[28]Canada, CIDA, *Changing Perspectives: Canadians and the Developing World* (Ottawa Supply and Services Canada, December 1982), p. 18.

[29]At issue were the marketing practices pursued by Nestlé and other manufacturers of infant foods, particularly in developing countries, where public health conditions, such as unsafe water, create hazards for the proper preparation and use of these foods. Despite the fact that breast-feeding is the healthiest, easiest and least expensive method of feeding infants, many Third World women now accept infant formulas as the 'modern' alternative to nursing.

CHAPTER 6

# CONCLUSION

Women, through their work, are major participants in the world industrial economy, yet as a rule they have had little say or consideration in the sweeping changes that have done much to alter their everyday lives. Though disadvantaged compared to many male workers in the economy, women make up a majority of the workforce in most manufacturing industries prominent in North-South trade, in both industrialized and developing countries. Because of their numbers in these industries, they are often painted as adversaries or competitors in the international marketplace, a perception that has led to much misunderstanding and sometimes to damaging actions. This situation conceals a bitter irony, for in both developed and developing countries, jobs in these industries have become notorious for the low pay and poor working conditions they often provide.

In highlighting these complex and controversial connections, this report has identified some basic signposts for responsible concern and positive policy actions in the areas treated in the study.

In trade policy, the basic interests of all workers, including women, are served by trade liberalization on the widest possible multilateral basis. The present discriminatory barriers against developing countries, indefensible on grounds of economic efficiency and international equity, cannot be justified by spurious 'fair trade' arguments. Low wages and poor working conditions are often indicative of low living standards still prevalent in the Third World. The fact that developing countries can competitively produce and market labour-intensive goods should therefore not be viewed categorically as unfair; rather, it is unfair to deny developing nations one of the few edges they have in international trade. It must be understood that protectionism slows down the development process, impeding change at the expense of all involved.

Despite the unarguable need for industrial development in Third World countries, there will always be costs as well as benefits incurred. Industrialization by itself is no guarantee that everyone's best

interests will be served. People concerned with development, including Third World governments, can and should monitor the growth of manufacturing and export promotion activities and evaluate the results in terms of employment and income generated.

At the same time, Canadians should continue to be concerned about the working environment in developing countries. Real opportunities exist to bring about improvements in working conditions through the variety of international covenants and arrangements already in effect or proposed. Canadians can intensify their efforts in this sphere through government, labour and industry channels to ensure that the basic rights of workers worldwide are respected.

Overall, then, facile generalizations on the vices and virtues of 'export-led' development should be replaced by a much more sophisticated, sensitive and specific set of policy prescriptions.

At home, the challenges facing Canadian women working in the industries most vulnerable to Third World competition should not be isolated from the larger process of industrial restructuring now under way in most industrial countries. Priority should be placed on facilitating rather than impeding adjustments that are inevitable; change will not come about by propping up uncompetitive industries and insulating them from international competition. Governments must also ease the transition for those workers, very often women, who bear disproportionate costs. At the same time, vigorous policies are needed to promote the full and equitable participation of women at all economic levels through expanded training and employment programs.

Although experience in Canada and elsewhere furnishes many lessons from which to shape more coherent and effective industrial adjustment strategies, the process of adaptation will still be gradual and difficult. For women workers, now disadvantaged in almost every area of Canadian life, the emergence of a new industrial landscape could lead, at worst, to further discrimination and disadvantage or, at best, to a real improvement overall in the scramble for new opportunities that emerge. Changes in the international economy will certainly influence the shape of the domestic challenge, but the most crucial factor in determining the impact on Canadian women will remain Canada's own social, economic and political responses.

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# WOMEN in Industry

Women, through their work, are major participants in the world industrial economy, yet as a rule they have had little say or consideration in the sweeping changes that have done much to alter their everyday lives. Though disadvantaged compared to many male workers in the economy, women make up a majority of the workforce in most manufacturing industries prominent in North-South trade, in both industrialized and developing countries. Because of their numbers in these industries, they are often painted as adversaries or competitors in the international marketplace, a perception that has led to much misunderstanding and sometimes to damaging actions. This situation conceals a bitter irony, for in both developed and developing countries, jobs in these industries have become notorious for the low pay and poor working conditions they often provide.

In highlighting these complex and controversial connections, this report identifies some basic signposts for responsible concern and positive policy actions in the areas treated in the study.

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